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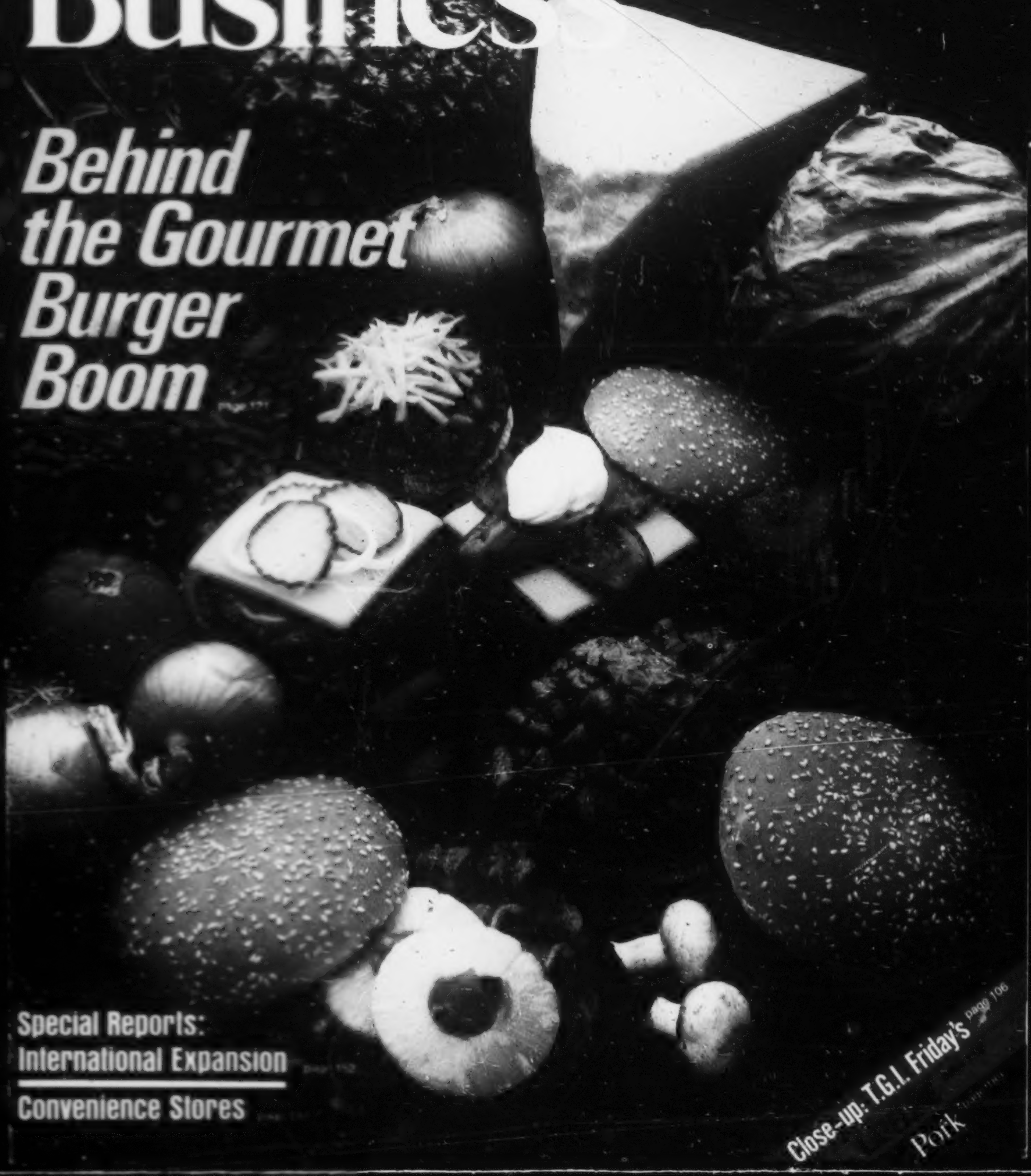

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Restaurant Business

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Cover photo supplied by Round the Corner, Boulder, Colorado

Restaurant Business Cover Story

Behind the Gourmet Burger Boom

by Jacque Kochak

Changing demographics indicate that more than 50 percent of the U.S. population is over 30 years old. The result is that a generation raised on fast food hamburgers has come of age. Indeed, the generation that made theme restaurants a phenomenon of the 70s, is further shaping foodservice history. Anxious to fill the void between fast food and casual adult dining are a proliferation of concepts developed by chains and independents alike. These emerging "gourmet burger" restaurants are positioned to appeal to both singles and families with high quality food and liquor served quickly in comfortable, casual surroundings. The gourmet burger market represents big business and the units, whether self-service or table service, have the potential for generating million dollar sales annually.

Freshly ground beef, freshly baked buns, and condiments galore characterize the basic "gourmet burger" concept.

While the fast food hamburger chains are making national headlines with their celebrated "battle of the burgers" campaign, another war is being waged in the mid-price segment by the emerging "gourmet burger" concepts which are positioning themselves between the low-price self-serve chains and the high-price full-service dinner houses.

A number of large foodservice companies are among the players; some see an opportunity for profitable diversification, while others hope to breathe life into sagging sales by converting existing concepts.

Pillsbury, owner of Burger King, has J.J. Muggs. Saga Corp. acquired Spoons last August. Diversifoods, operator of Chart House and Godfather's Pizza and a major Burger King franchisee, has Moxie's. Pizza Inn is expanding J.T. McCord's. Victoria Station developed Bonkers. Sea Galley Stores, Inc. has Flakey Jake's. New York City-based Beefsteak Charlie's is converting some units to a concept called Daly's Dandelion. Magic Pan is expanding its offering, Laredo's. And, T. Twiggs has arrived as Greyhound's offering.

W.R. Grace has entered the fray with its own variation on the theme, called T.J. Applebee's. T.J. Applebee's serves a good deal more than burgers, but goes after the same market staked out by the others. Church's is testing a concept called Jeeper's positioned between the gourmet burger places and fast food. And Collins Foods has entered into a joint venture with Phoenix-based Big Four Restaurants and Chicago-based Lettuce Entertain You Enterprises to introduce Ed Debevic's Short Order Deluxe. The partners prefer to be distinguished from the purveyors of gourmet burgers and say that Ed Debevic's is patterned on a 1950s diner, but Ed Debevic's seeks the same customer as the others, and with the same enticements.

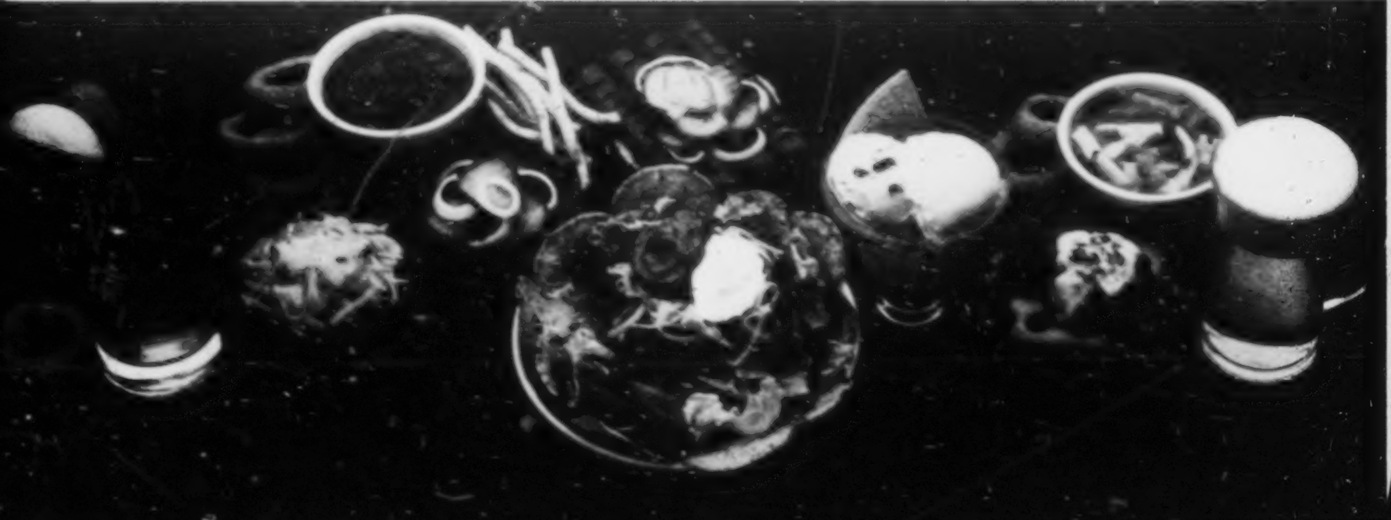
Independents are proliferating as well. National attention first focused on the phenomenon when Norman Brinker, then president of Pillsbury's restaurant group, left his post to take over the helm of one of these small chains, Chili's. Another company, much-copied Dallas-based Fuddrucker's, is holding its own against all comers, and Bojangles' cofounder Richard Thomas has opened the first of what will be a chain, called R. Thomas' Hamburger Cafe, in Greenville, North Carolina.

Down in Texas, where Fuddrucker's and Chili's began, gourmet burger concepts are everywhere. They range from Purdy's and Pedunkle's in Austin (both recently involved in litigation with Fuddrucker's), to The Butcher Shop in Longview, Rusty's in Corpus Christi, and The Hamburger Construction Company in Lubbock.

Actually, "gourmet burgers" have been around for quite some time, but only recently have captured national attention. Hamburger Hamlet in Beverly Hills, with 22 units, has been purveying upscale burgers since 1950. Round the Corner Restaurants originated in Boulder in 1968, and now boasts 30 units in six metro markets. And Seattle-based Red Robin Restaurants, founded in 1969, now has 22 units, annual sales of almost $40 million.

So, what is a gourmet burger? The answer depends on the concept, but generally speaking gourmet burger concepts serve high quality food (fresh ground beef, fresh baked buns and desserts, often prepared in display butcher shops and kitchens), at reasonable prices (a $5 or $6 check average is common). The quick service in comfortable, casual surroundings is more reminiscent of theme restaurants than of fast food outlets. The concepts typically serve liquor, the food/liquor ratio depending on the particular slant of the operation. Yet families are welcome.

Although hamburgers are their specialty, these units are unlike fast food operations in several ways: av-



Top: *Open dining rooms with woods and brass highlight Round the Corner's dining room.* **Bottom:** *Round the Corner's menu reflects 15 years of development with a broad selection of burgers.*

erage checks are higher; atmosphere is upscale; and there is more emphasis on food quality. The gourmet burger customer tends to be different from the fast food customer, too. "Fast food customers are primarily young families, people interested in convenience, and tend to be more blue collar. We don't get many blue-collar customers," says Greg Owen, vice president of operations for Pizza Inn subsidiary Flagship Inc., which operates J.T. McCord's.

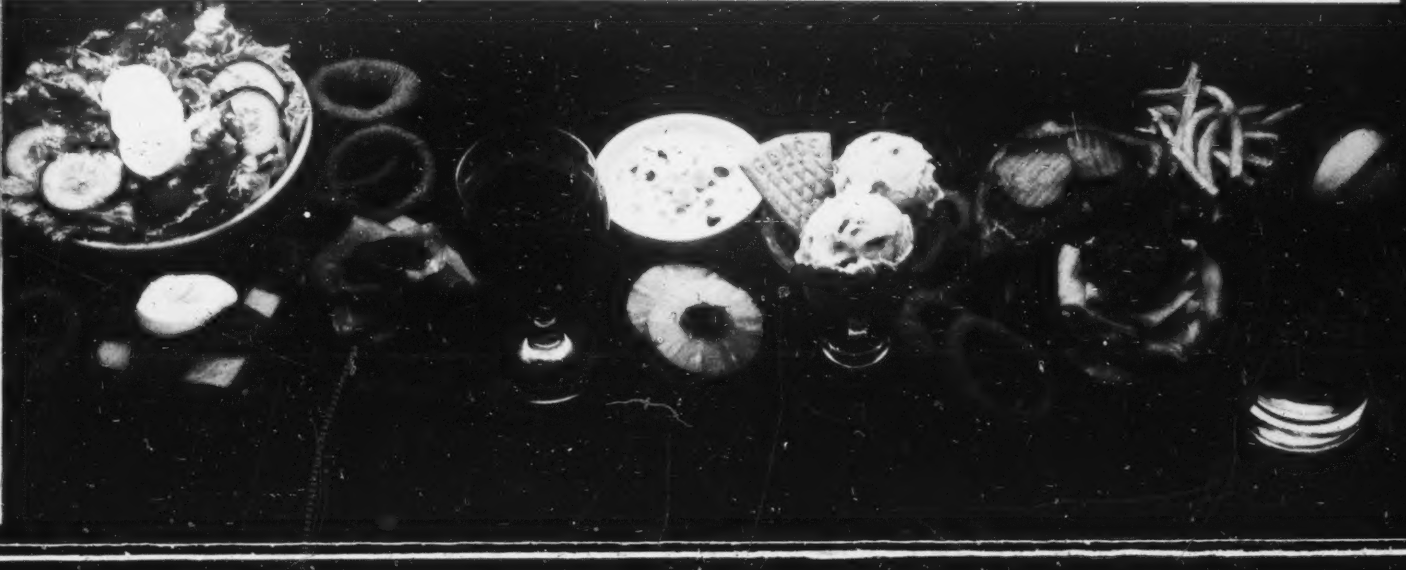
The gourmet burger restaurants are unlike mid-price theme restaurants—like Houlihan's or TGI Friday's—because they are not as likely to be destination points; though this varies with the concept. In addition, menus are generally more limited, check averages are substantially lower, and service time is faster. Their strongest selling point is their customer-perceived, attractive price/value relationship. At any one of these concepts, the customer gets a lot of good food for the money.

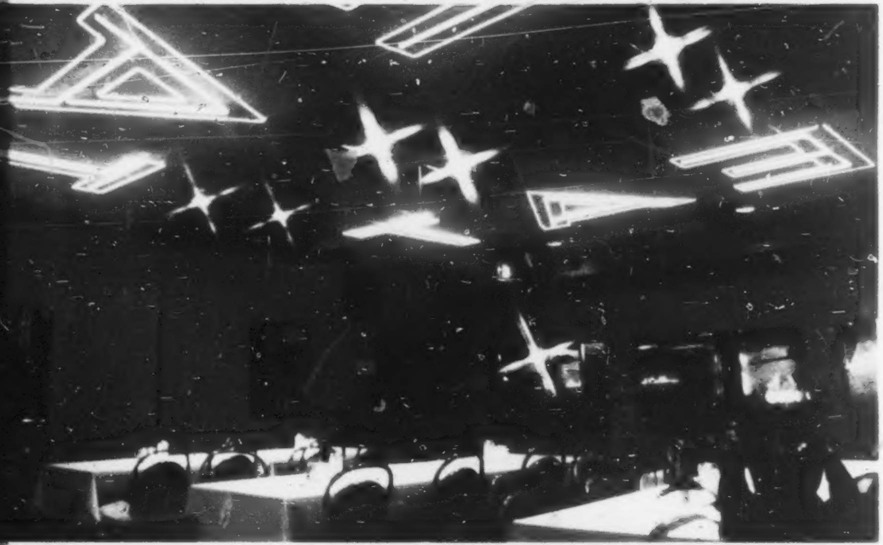
Decor themes tend to fall into three categories. Many of the full-service concepts offer Southwestern decor along with menus offering Southwestern specialties. Others offer 50s surroundings, with black and white tile, lots of neon, and 50s memorabilia. Still others opt for open, airy, sophisticated environments with lots of plants and wood like their upscale cousins.

Some operators say that gourmet burger outfits are filling a void in the market. "If you draw a continuum, you have fast food at one end, then as you move along there is a space between fast food and casual adult dining. It is that space we are attempting to fill," says Karen Eadon, vice president of marketing for W.R. Grace's fast food division, Creative Food 'N Fun, which operates T.J. Applebee's and Del Taco Mexican Cafes. She notes that T.J. Applebee's, modeled after a neighborhood pub, is closer on the continuum to casual adult dining (like Houlihan's or Friday's) while Del Taco, once a typical fast food concept, boasts a new expanded menu and upgraded decor and is moving into the void from the fast food end of the continuum.

If this void in the market indeed exists, why has it not been filled before? The answer, say operators, is changing demographics. The void was once insignificant. Ten years ago, the average age of the fast food customer was 16, says Eadon. Those kids grew up on hamburgers and french fries at McDonald's and Burger King.

Today, more than 50 percent of the U.S. population is over 30. Twenty years from now, demographers say, more than 60 percent will be over 30, if present trends continue. This is the generation that made theme restaurants a phenomenon of the 70s, but they still like burgers and fast service. However, they





Top: *Spoons' burger-and-Mexican menu brings in $2 million in sales a year.* **Center:** *"San Francisco" decor distinguishes R. Thomas Hamburger Cafe.* **Bottom:** *Bonkers resembles a 50's style diner car.*

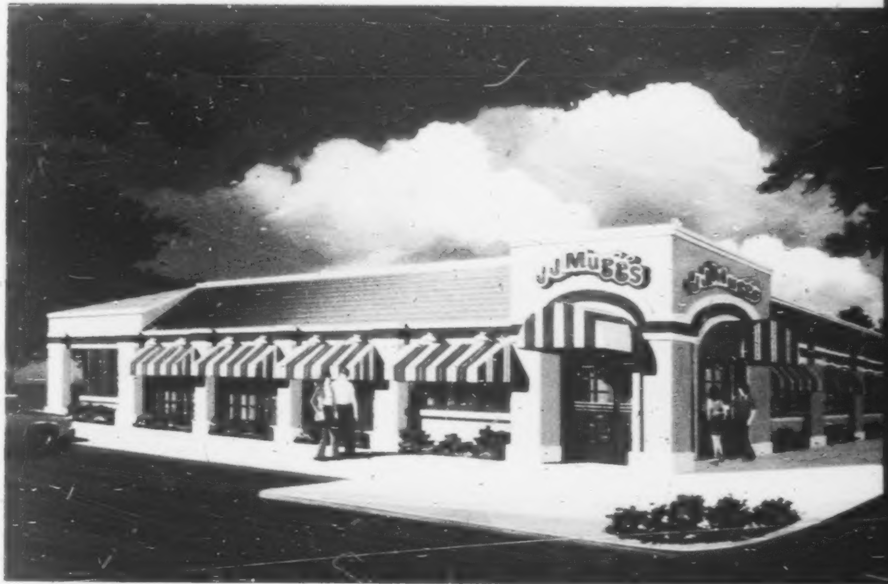
sometimes want a bit more sophistication, a bit more quality, and a bit more atmosphere than the typical fast food outlet can offer. They want convenience, they want to take their children, but they don't want to feel as though they are being impersonally shuffled through on an assembly line.

Critics ask whether this customer really wants to spend $3.50 for a hamburger. "People sometimes forget that demographics does not abolish economics; people have only so much money to spend, and 'fancy-burgers' are probably not a high priority in their spending plans," says an observer writing recently in *Forbes* Magazine.

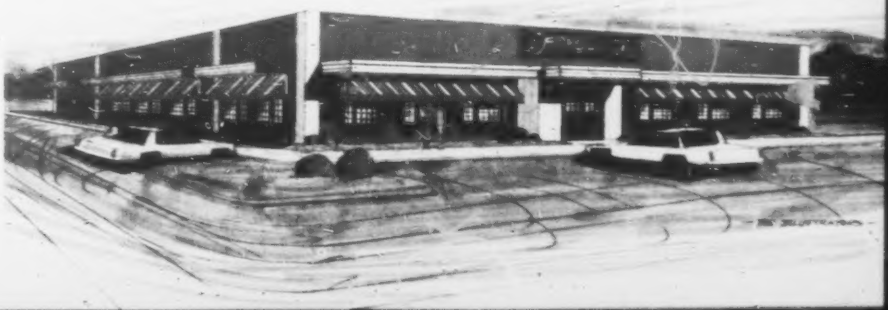
Yet 21-to 49-year-old consumers, the group all the gourmet burger concepts seek to attract, control two-thirds of disposable income even though they number only one-third of the population, says Grace's Eadon. They have amply demonstrated their propensity for eating out, largely because over 50 percent of women are now employed outside the home and one- and two-person households continue to grow.

A more serious criticism is that perhaps too many operators are jumping in to fill what may be a limited market niche. Predictions about the size of the potential market are pure guesswork, but Michael Culp, a restaurant analyst with Prudential-Bache, says this: "If the hamburger market is now $20 billion, the gourmet burger business could easily be 15 percent that size. Even $3 billion would allow 3,000 $1 million units to open."

It has been estimated that no more than 150 gourmet burger units are now open, so that allows plenty of room for growth. "What we have is a lot of people going into the segment, but not a lot of units yet,"



T.J. Applebee's



Top: *S&A Corp.'s J.J. Muggs prototype.* **Center:** *T.J. Applebee's pub atmosphere attracts higher liquor sales.* **Bottom:** *J.T. McCords features a broad and seasonal menu.*

Culp adds. "I'm not terribly concerned about too much competition yet." The early bird may get the worm, though Culp cautions that he suspects a couple of big surprises—slow starters who grab a big share of the market.

Right now, the front runners are clearly Chili's, with 32 units and plans to grow 50 percent a year; Saga's Spoons, with six units open and plans to open 25 more in fiscal 1985; Diversifood's Moxie's, with two units open now and plans to open 50 units by the end of 1985; Fuddrucker's, with 65 to 75 units to be opened by the end of 1984; and Sea Galley's Flakey Jake's, with 10 units open and plans to open over 200 franchised units and 75 company stores in the next four years.

Receiving less press but healthy, well-established, and looking for growth are Hamburger Hamlets, Round the Corner, and Red Robin restaurants.

The concepts fall into two categories: full-service and self-service. The full-service concepts generally offer broader menus and combine their variety of hamburgers with Tex-Mex offerings like nachos and burritos or other popular light foods. Falling into this group are, among others, Chili's, Moxie's, T.J. Applebee's, J.T. McCord's, and J.J. Mugg's.

"Self-service vs. table service is a major line of demarcation," says Chili's executive vice president, Ron McDougall. "Recently we asked our customers where they would go if they couldn't go to Chili's, and they said places like Bennigan's or Friday's. They wouldn't go to Fuddrucker's because it's not a direct competitor."

The self-service concepts frequently bear a resemblance to the five-year-old Fuddrucker's, grand-

Exhibition kitchens, butcher shops, bake shops, and produce displays add ambiance to the self-serve burger concepts.

daddy of the genre—and that has been the cause of several lawsuits. Fuddrucker's has an extremely limited menu, and one analyst says he sees this as a weakness of the concept—that it is so easily copied. The narrower the menu, the less proprietary the concept. In addition to Flakey Jake's and Purdy's, Fuddrucker's reportedly has at one time or another been involved in litigation with restaurants all over Texas.

Some of the self-service concepts offer the alluring operational advantage of low labor costs combined with yearly gross volumes comparable to theme restaurants, thanks to the addition of liquor sales. Some critics see that as a disadvantage, however: "I think that all of the cafeteria style concepts will have to initiate limited waitress service eventually," says Cu[illegible] "The consumer is being forced to do too much of the work. When you run an 18 percent labor to sales ratio, that's telling you something."

Some of the more original concepts combine self-service and table service. At a Round the Corner restaurant, for instance, a customer places his order via a telephone at the table. When his order is ready in six to eight minutes, the phone buzzes and the customer picks up and pays for his order at the counter. At Ed Debevic's Short Order Deluxe, customers place their order at the counter, but "service attendants" on the floor check with customers who wish to order additional items so they only have to go through the line once.

Just as service styles are evolving, menus are evolving. A trend to broadening menus somewhat is already apparent. Chili's has expanded its menu to the point that its top-selling entrees aren't even burgers, though overall the chain sells more burgers than anything else. In fact, executive vice-president McDougall says Chili's is trying to leave behind the "gourmet burger" name because the idea has become so trendy.

As a result of litigation with Fuddrucker's, Flakey Jake's has expanded its menu, which is seen by some as strengthening the concept. When Saga bought Spoons, consumer research indicated a need to add menu items, and the selection was increased from six hamburgers to 12. Round the Corner recently added a special dinner menu to increase evening sales, and Red Robin has added a brunch.

Ultimately, the concepts that succeed and grab a significant share of the market will do it the old-fashioned way: by offering quality food, good service, and the perception of value.

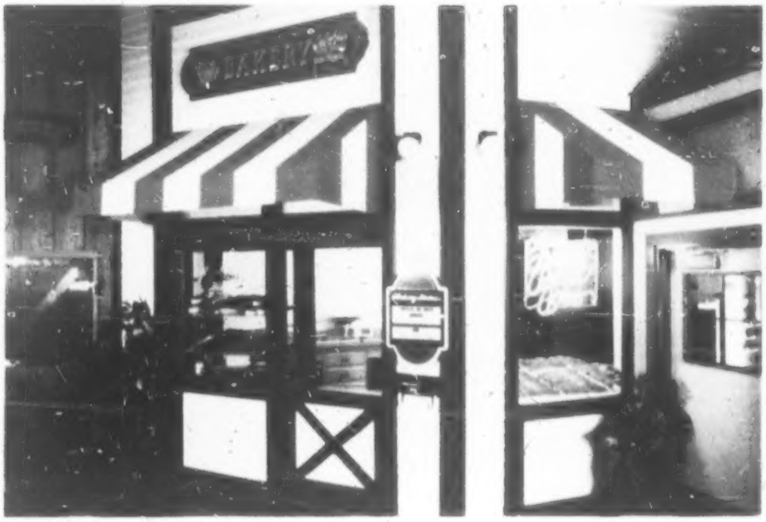
"To succeed in the 80s, a restaurant needs a product with a high-quality image, moderate pricing, quick and efficient service, a fun concept with visual appeal, high volume and great carry-out potential, and a limited, competitive menu with the potential to expand," says Lee Cohn, president of Ed Debevic's co-creator Big Four Restaurants.

So far, all of the entries in the race for market share are well-groomed to compete. Following is a round-up of the leading contenders.

Full-service

Beverly Hills-based Hamburger Hamlet opened the first gourmet burger concept three decades ago as a showcase for Harry Lewis, who was under contract with Warner Brothers. Lewis and his new wife Marilyn intended to feed actors, writers, and agents at their one unit, but were not really interested in making a career of the restaurant business. The concept, however, was so popular that gradually, one by one, the Lewises opened new units. The chain now numbers 22 units (17 in the Los Angeles area, four in Washington, D.C., and one in Chicago). Five more units will be opening in the next 12 months.

Marilyn Lewis notes that Hamburger Hamlet existed for 15 years "quite alone" in the gourmet burger niche. Then, casual theme restaurants, such as Houlihan's and TGI



Rolls, cookies, and brownies are prepared in Flakey Jake's bakery.

Friday's, similar in many ways to a Hamburger Hamlet, became popular. Still, there were no direct competitors until recently.

Lewis contends that the grown-up baby boomers who have eaten burgers since they were toddlers are the owners of gourmet burger restaurants as well as the customers. "They're young people who have grown up and joined giant corporations. They're looking around for opportunity and saying 'here's the hamburger,' but fast food is saturated. Everybody is on to our act now," Lewis says.

Hamburger Hamlets' menu is built around 14 hamburgers, chili, and fresh desserts. One burger is topped with sauteed mushrooms, sour cream, and scallions; another with caviar and Russian dressing; yet another with fried oysters and salted peanuts; and still another with melted brie and toasted almonds. Prices are $3.95 for a 6 oz. burger and $4.95 for an 8 oz. burger, with toppings $1 extra. Average check is about $8 per person.

Average check is boosted by add-ons such as lobster bisque and onion soup fondue, as well as desserts ranging from fudge layer cake to cherry cobbler to rice pudding, baked apple, egg custard, and apple pie with cinnamon stick ice cream. The menu also includes salads, a choice New York strip steak, a chicken prepared on a rotisserie, sandwiches, and a variety of vegetables including ratatouille, mushroom casserole, and mile-high vegetable pie.

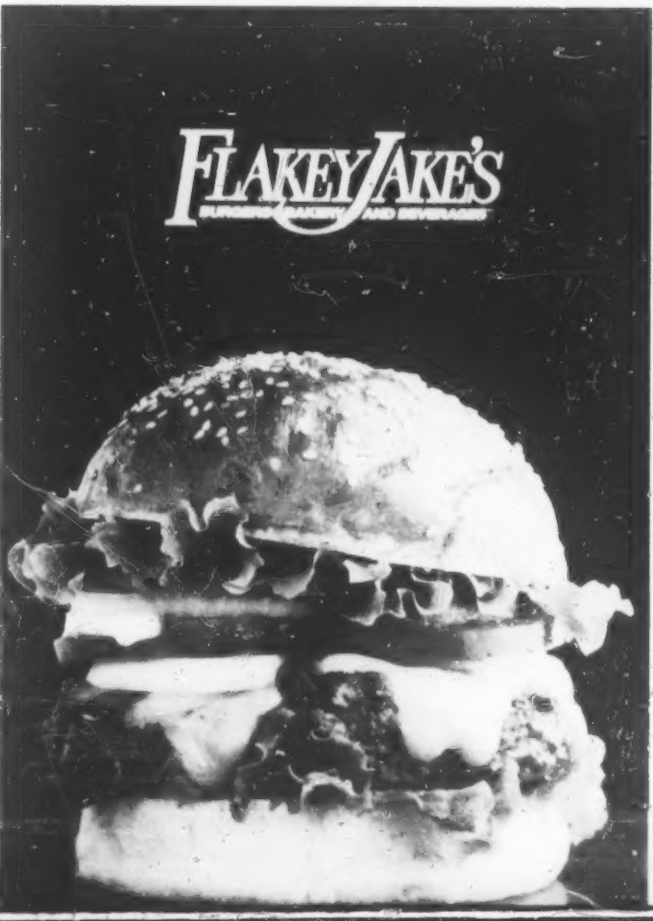
Lewis says that a Hamburger Hamlet differs from most gourmet hamburger operations because the atmosphere is much less casual. "We're a white tablecloth operation, but serving hamburgers," she says. "A Hamburger Hamlet kind of looks like New York's 21 Club."

Hamburger Hamlets is publicly owned, though the family owns 72 percent of stock. Total company sales are approaching $40 million, says Lewis, with unit volume averaging $2 million. She points out that several units gross as much as $3 million yearly.

Red Robin, based in Seattle, is also an old timer compared to most gourmet burger concepts. Though the first unit opened in 1969, real growth didn't take off until 1980, when the company began franchising and expanding company units. The company now boasts 22 units, with eight of those opened in the last year. Eighteen openings are projected in 1985, and a five-year forecast (which includes this year) calls for 185 units.

Thomas A. Sacco, senior vice president of operations, says the company is changing its expansion strategy. Previously, new units were opened at a ratio of three franchised restaurants for every one company restaurant. That ratio is shifting to 50/50 so that Red Robin can control its own development schedule instead of relying on the timetables and revenue streams of franchisees.

Sacco says that much of Red Robin's 1985 expansion will be in Florida and Chicago. A franchise for the state of Alaska recently was sold, and agreements are expected to be consummated in the near future for franchises in the Northeast and



Above: *On-premise butcher shop is visible behind Fuddrucker's fresh produce display*

Left: *Flakey Jake's condiment bar runs the gamut from guacamole to sauerkraut to pineapple.*

> *The allure of entering a new niche with broad appeal and high profitability is attracting major industry players.*

Southeast

Red Robin offers 30 different burgers, ranging in price from $3.50 to $5.75. Sacco says that Red Robin calls anything served on a hamburger bun a "burger," so some of the more unusual "burgers" include a Scoshi Teriyaki'd Boneless-Pork by Choppy Burger (a porkchop burger with teriyaki sauce, cheddar cheese, chutney, tomato, lettuce and mayonnaise) and a Poli-Opso Chicken Burger. A slightly more traditional offering is the Orbit burger—a hamburger patty with cheddar cheese, ham, salami, swiss cheese, guacamole, dijon mustard, tomatoes, onions, and lettuce.

Average check is $6.25 for lunch and $7.50 for dinner, with 67 percent food sales and 33 percent alcoholic beverage sales. Average unit volume is $1.9 million, with chainwide sales of $39.3 million projected for 1984.

Like several other gourmet burger chains, Red Robin is diversifying its menu. "We've done an extremely good job with burgers, but we see the proliferation of other gourmet burger and casual dining concepts, so we are offering a few select items to get customers to come on a more frequent basis," says Sacco. New offerings are primarily low-calorie, low-sodium dinners, finger foods, salads, and sandwiches. The chain has also added breakfast or brunch, depending on the location, as well as a children's menu.

The restaurants themselves blend nostalgic, eclectic decor elements with neon and chrome. According to Sacco, waiters and waitresses are the girl- or boy-next-door type, dressed like cheerleaders.

Industry awareness of gourmet burger concepts shot skyward last summer when Norman Brinker, then president of Pillsbury Inc.'s multi-billion dollar restaurant group, left his favored position to take over the presidency of Chili's, a primarily regional chain based in Dallas (See *Restaurant Business*, Oct. 1, 1983). Founded in 1975 by brothers Larry and Jack Lavine, the chain now operates 32 units and recently went public to finance expansion. Sales in 1983 reached $43 million, with annual unit volume averages approaching $2 million. McDougall says that a recent earnings report showed net earnings up 51 percent over a year ago, and total sales up 37 percent.

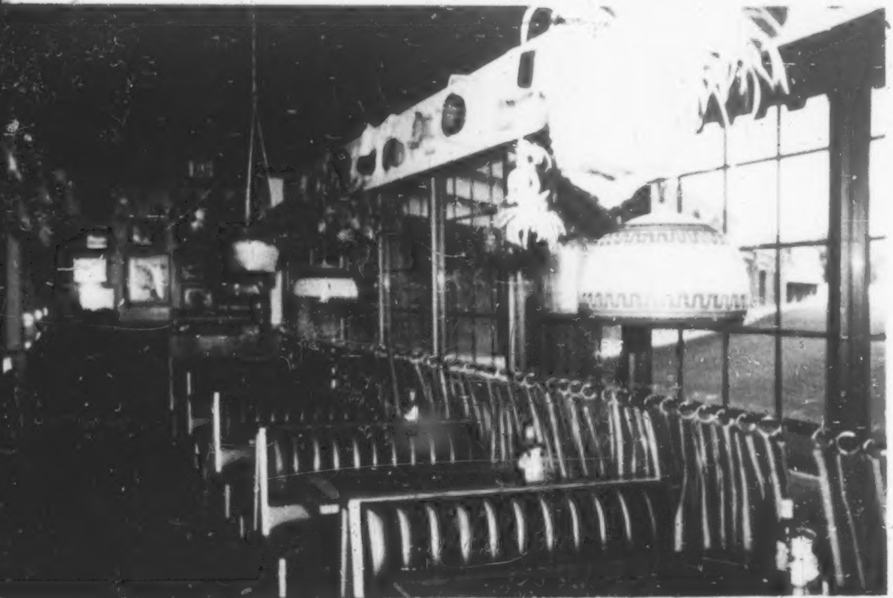
The Chili's concept is friendly and straightforward, with an average check of about $5. The menu features 13 varieties of ½ lb. hamburgers with toppings ranging from cheese to guacamole, chili, and jalapeno peppers, as well as Texas-style chili, icy cold beer served in mugs, and frosty margaritas. Prices range from $2.95 to $5.95 for the Grande, a hamburger and hot dog topped with hickory sauce, chili, cheese, tomato, lettuce, onion, and pickle. The food is tasty and trendy, quality is consistent, portions are generous, and prices are affordable. As noted, the menu recently was expanded, but management is reluctant to detail the changes because Chili's has so frequently been copied.

Chili's is now establishing a franchising program, and last December entered into a joint venture with an operator who will develop areas of North Florida and Georgia.

Though national attention didn't focus on Chili's until last year, savvy observers had been watching the success of the gourmet burger concept for some time. Last May, there were reports that Chili's had been sold to California-based Saga Corp., but the reports proved premature. Still shopping, Saga acquired Spoons, another Texas-based concept, later in the year.

Spoons also serves ½ lb. burgers as well as Mexican specialties such as nachos, tostados, and chili. An addition to the menu is barbecued baby back pork ribs for $5.95. Price range is from $1.25 for tostados and hot sauce to $5.95 for the ribs, with most burgers in the $3.50 range. Average check runs $5.

Founded in 1979, Spoons operates six restaurants, five in Houston and one in Campbell, California. Four of the restaurants opened last year and one this year; the one unit in operation for a full year posted an annual volume of $2 million, says Gene Els-



Plants and woods highlight J.T. McCord's interior decor bree, Saga's vice president of corporate relations.

Elsbree says that Saga plans to open 15 units in fiscal 1985 (which began July 1, 1984), mostly in northern and southern California and the Chicago area. At present, the company plans no franchising.

"I can't be more specific about long-term expansion, because Spoons is still very much in the development stage," says Elsbree. "We'll be looking carefully at the success of individual units and deciding what to do next."

Elsbree notes that Saga's acquisition of Spoons is consistent with the company's earlier acquisition of Grandy's, an upscale chicken concept.

Diversifoods, unlike Saga, chose to develop its own concept, known as Moxie's, as a conversion vehicle for its unprofitable Cork 'n Cleavers. In its present incarnation, Moxie's closely resembles Chili's and in fact the concept was originally to be called Pepper's before the company ran into copyright claims to the name.

Moxie's serves ⅓ lb. burgers in contrast to Chili's and Spoons' ½ lb. burgers, and company executives say they feel this variation gives Moxie's a competitive edge. They say that the ⅓ lb. burger at $2.75 instead of a ½ lb. burger at around $4 gives a higher perception of value and encourages the customer to purchase add-on menu items with higher profit margins, raising the average check and overall profit margins. Moxie's average check runs $7.

The first two Moxie's opened late in 1983 north of Chicago and in Florida, with 15 Moxie's openings expected this year. All of these openings will be converted Cork 'n Cleavers. Cork 'n Cleaver average unit volumes had dropped to $700,000 and below, and some 30 percent of the units were unprofitable. By contrast, Moxie's unit volumes will average $1.25 million if the present trend continues.

Initial results have encouraged management to focus more attention on Moxie's, and Shawn Holder has been transferred from the Chart House division to head Moxie's. A new format has been developed which incorporates on-premise baking of buns and apple pies in view of customers. A broader menu includes fish, chicken, pasta, and croissant sandwiches and is aimed more at women.

By the end of 1985, Diversifoods could have 50 company units operating. The company will consider franchising next year.

J.J. Muggs is being tested by S & A Restaurant Corp., parent company of Steak & Ale and Bennigan's. In addition to the ½ lb. burger with a variety of toppings, J.J. Muggs serves barbecued baby back pork ribs; a chicken sandwich made of boneless breast of chicken flame broiled with mushrooms, melted provolone cheese, and bacon strips; and a Philadelphia cheese steak sandwich with mushrooms, sauteed onions, and melted provolone cheese. Other menu offerings include a soft taco, soups and salads, and french fries and onion rings cut fresh daily. Average check is $5.50.

Six J.J. Muggs units are now open, and the concept has evolved through each. S & A purchased a Sambo's in West Palm Beach and a Sizzler in North Palm Beach late in 1982 and converted each to a slightly different version of a J.J. Muggs. The units were watched carefully, then the company designed its own building incorporating changes from the first two restaurants. A third unit opened in Sugarland, Texas, in March of 1984, and a fourth unit in Mesquite, Texas, in May. Now the company has yet another prototype that will be expanded. S & A will open 12 units by the end of fiscal 1985 (in June), and long range plans call for "a lot of units," according to Barbara Klima, manager of community affairs.

J.J. Muggs will expand first in Texas, Florida, and Oklahoma, then throughout the Southeast and Southwest—in areas where Steak & Ale is strong and management knows the market.

Projected annual unit volume is expected to meet or exceed $1.7 million, says Klima. She says that development of J.J. Muggs is a priority for S & A Restaurant Corp., because the company expects that growth of Bennigan's will level off, as has happened with Steak & Ale.

"We decided to enter the gourmet burger market because we wanted another concept," Klima says. "We looked at seafood, pasta, and pizza. We were looking for a concept with the highest volume for the least investment, that could be rolled out quickly and in a big way. We want to be the biggest in the industry."

Pizza Inn is also launching its own gourmet burger chain, called J.T. McCord's. The company now has five units open, all in Texas, with average unit volume running $1.8

Southwestern decor and 13-burger menu distinguish Chili's.

million. Plans call for opening 11 to 14 units by the end of the year, according to Owen. Those units will all be located in Texas as well. Next year, Owen says, J.T. McCord's will venture outside Texas with seven units. Long-range plans call for 10 company units per year in succeeding years, none of them conversions. For thriving Pizza Inns, J.T. McCord's is an attempt at diversification.

Pizza Inn began franchising the J.T. McCord's concept in July, and Owen says that the company hopes that franchise growth will parallel company growth.

Owen notes that J.T. McCord's falls between Chili's and Bennigan's with slightly higher prices than Chili's and a broader menu. In addition to seven ½ lb. burgers, J.T. McCord's offers a variety of sandwiches, salads, and several full dinners including chicken fried steak, chicken teriyaki, and an 8-oz. ribeye steak with potato skins. J.T. McCord's also utilizes seasonal menus, with chilies and soups in winter, seafood in the spring, and a variety of salads through the summer. Average check is $6.50, compared to Chili's $5.

W.R. Grace's T.J. Applebee's also claims a higher check average and a wider menu than Chili's, and differs from the other concepts because burgers are a far less important part of the mix, accounting for only 15 percent of sales. Only five burgers compete with nine hefty appetizers, several soups and salads, eight sandwiches, and such entrees as shrimp, oysters on the half shell, charbroiled chicken, and an 8-oz. sirloin. Average check runs $6.50 per person, according to Grace's Eadon, and projected annual unit volume is in excess of $1.3 million.

Besides its downplayed emphasis on the burger, T.J. Applebee's differs from most of the other gourmet burger concepts because of a higher liquor/food ratio. Most of the concepts derive only 20 to 30 percent of sales from liquor, while T.J. Applebee's derives at least 40 percent, says Eadon. This is in keeping with the concept's conscious resemblance to neighborhood taverns. Also keeping with that resemblance is the fact that most of Applebee's customers come from a three-mile radius; Applebee's is not a destination point like Grace's Houlilhan's.

Applebee's, however, shares the gourmet burger concepts' emphasis on fast service. Drinks are served within three minutes, appetizers within six minutes, and entrees within 10 minutes, says Eadon.

At present, there are five company-owned Applebee's (four in Georgia and one in Houston), and one franchise in Ft. Lauderdale. Long-range forecasts project 210 units in five years.

Greyhound Management Corp. is experimenting with a gourmet burger concept called T. Twiggs. Located in Evansville, Indiana, the unit is a converted steakhouse owned by Greyhound. According to Joseph Fassler, Greyhound Food Management president, it is still too early to say how quickly the T. Twiggs concept will be expanded.

Mainstays of the menu are hamburgers, steaks, chicken, and four fresh catches of the day. Emphasis is on freshness. Meat for hamburgers is ground fresh *after* an order is placed, and rolls are baked on the premises and displayed in a proof box. A fixings bar complements burgers, as well as a salad and soup bar. The whole restaurant is built around the salad bar and serving area, where fresh fruit and vegetables are displayed. "If somebody wants an onion, we pull it from there," says Fassler.

Full meals include ribs, a strip steak, a round beef steak smothered with onions, and barbecued chicken, all served with potatoes, baked beans, and a vegetable of the day. Highest-priced dinner is $11.75 for the whole barbecued dinner, and no steak is higher than $10. The most expensive burger, a half-pounder, is $3.95. Check average at lunch runs around $4 and at dinner between $6 and $7.

Decor is upscale, with lots of oak, brass, and turn-of-the-century furniture, but food is served in disposables and twig baskets.

Fassler says that Greyhound expects T. Twiggs to gross $1.2 million the first year (the unit opened this July). He points out that Evansville is a town of only 80,000, and that a similar restaurant in a larger metropolitan area could reasonably be expected to post even higher sales.

Laredo's, one of several concepts that Magic Pan had been testing as one part of its turnaround effort, is that company's entry into the gourmet burger market. The first unit, in La Brea, California, is a converted Magic Pan, and spokesman Leslie Crall reports that customer counts are up 40 percent in the 120-seat unit. She adds that annual unit volume of $700,000 is comparable to a Magic Pan, but generated by fewer seats. A second unit (not a conversion) opened recently in W. Edmonton, California, and a total of nine units are planned by July 1, 1985.

Freshness is the key at T. Twiggs, reflected in both the beef and the atmosphere.

More quality, more sophistication, and more atmosphere than fast food outlets attract the growing 21–49-year-old group.

Again, the menu features 13 different burgers, ranging from the Azteca with guacamole and jack cheese to the taco burger with cheese, jalapeno, and salsa. The menu also offers a number of salads and Mexican entrees, as well as a full complement of appetizers.

Daly's Dandelion is New York City-based Beefsteak Charlie's entry in the gourmet burgers competition. For many years Beefsteak Charlie's has been positioned as a family-style steakhouse offering a complete dinner, including a salad bar with unlimited shrimp and beer, wine, or sangria, for a fixed price.

The company's research indicates that the steakhouse format offers limited growth opportunity in the future, and indeed the company reported a five percent decrease in customers in 1983 as compared to 1982.

As a result Beefsteak Charlie's is revamping its steakhouses and converting those that appear to have the most potential to Daly's Dandelions and two other test concepts. The first opened this spring in Nanuet, New York, serving burgers, fresh pasta, entree-sized salads, etc. Meat is ground in a display butcher shop at the entrance, and buns are baked in a display bakery. Customers can build their own sundaes by selecting toppings from a rolling cart that offers whipped cream, chocolate sauce, fresh fruits, nuts, etc.

Beefsteak Charlie's units in King of Prussia, Pennsylvania, and Green Acres, Long Island, are the next conversions scheduled, with three more units possible, according to Ron Colello, vice president of operations for Daly's Dandelion.

Initial results are promising, Colello says. Projected annual volume for the Nanuet Daly's Dandelion is $3.2 million, he says.

One of the newest gourmet hamburger operations to be introduced is also one of the more original. R. Thomas' Hamburger Cafe in Greenville, South Carolina, is the effort of Richard Thomas, founder of the upscale chicken chain Bojangles.

Thomas eschews the popular gourmet burger/Tex-Mex format with Southwestern decor for a look that he calls "San Francisco." That includes hardwood floors, black and white tiles, plants, mirrors, neon, and antiques functioning as back bars and wait stations. The original Hamburger Cafe is located in an older, refurbished building, a plan that Thomas intends to continue over the next 18 months as he opens units in Charlotte, Memphis, Key West, Boston, and Ft. Lauderdale.

Hamburger Cafe's ⅓ lb. burger, served in six incarnations, is thinner than the hefty ½ lb. burger at most other concepts, which Thomas considers a plus. "I want this to be a lighter meal," he says. "I want customers to be pleasantly full."

The burger is served on grilled nine-grain bread, rather than on a bun, with lettuce, tomatoes, and sauce. Burger prices range from $3.25 for the basic burger to $5.75 for a "Chili Pepper" burger served open-faced and covered with chili and cheese. The menu also includes six meatless sandwiches and a variety of salads, breakfast selections, omelets, and side orders.

Omelets can be made with more than 20 different ingredients, and customers can add the same ingredients to their basic burger as well, Thomas notes. He adds that breakfast items are oriented more toward weekend brunch, but the restaurant

A larger bar and lower check distinguish Daly's Dandelion from Beefsteak Charlie's.

is open for breakfasts during the week because employees are already on premises doing prep work. Breakfast accounts for only 10 percent of sales; lunch accounts for 40 percent; dinner for 50 percent.

One big difference between R. Thomas' Hamburger Cafe and the other gourmet burger concepts is that Thomas makes no claims to speedy service. He offers a more leisurely experience, but his target market is still the baby boomers who have grown up on hamburgers and fries, he says.

The first Hamburger Cafe opened in June, so it is risky to project annual volume. Thomas, however, expects the first unit to gross $1.6 million the first year, with 170 seats.

Self service concepts

Boulder-based Round the Corner Restaurants operates 30 units in eight metro areas in six states, and by number of units is one of the largest gourmet burger concepts in operation. The company is also one of the oldest, founded in 1968. Sales in 1983 reached $20 million, with average per-unit volume of $800,000.

Because Round the Corner predated both Chili's and Fuddruckers, upon which a great many of the gourmet burger concepts are patterned, this concept is more original than many. Besides the unique ordering system (via telephones from the table), the menu is more similar in its broadness to the other self-service concepts.

Round the Corner's burger is charbroiled and served with 20 different combinations of proprietary sauces and other toppings. An example is the Burger Stroganoff, with melted Swiss cheese, mushrooms in sauce, and sour cream. All the $\frac{1}{4}$ lb. burgers are priced under $3. The menu also includes soup du jour; 11 specialty sandwiches ranging from "chicken cheesiano" to a B.L.T.; hot dogs; baked beans; chili; etc. The menu also includes wine and beer but no mixed drinks.

In an effort to boost evening business, the company is testing a new dinner menu in four locations. The menu features larger $\frac{1}{2}$ lb. burgers as well as a chopped steak entree for $4.75; several barbecue platters ranging in price from $6.50 to $9.95; two new sandwiches; and five stuffed potatoes, all $1.95 except for a taco potato with sour cream, guacamole, picante sauce, and bacon.

Round the Corner Restaurants feature open, contemporary dining rooms with warm, natural woods, brass railings, plants and dry flower arrangements in copper pots and baskets, and bright, interesting wall hangings.

According to chairman of the board Ed Massey, Round the Corner will concentrate expansion in six of the metro areas where it currently operates: Denver, Atlanta, Phoenix, San Diego, Seattle, and Los Angeles. The company uses a sophisticated site selection model, and Massey says that the number of units in each market depends on the number of suitable locations. "I don't think Atlanta or Phoenix could handle more than six units, but San Diego could handle 10," says Massey. "We'll develop each city as thoroughly as we can before we go into other markets. We would never go into a market with just one unit."

The model for most of the service gourmet burger concepts is five-year-old San Antonio-based Fuddrucker's, with 17 units in Texas, one in Colorado, one each in Georgia, Arizona, Washington, and Ontario, three in Florida, two in Louisiana, two in Indiana, and six in Los Angeles (some are franchised). The company will have 65 to 75 units open by the end of 1984, according to Clark Crowdus, director of marketing.

HAMBURGER HAMLET

Upscale Hamburger Hamlet caters to the grown up fast food generation.

The company is publicly owned.

The reasons the Fuddrucker's concept has been much-copied are obvious: the format is so popular that unit sales average $2 million a year, says Crowdus. Units seat between 200 and 300 people, and the average check runs $5.52.

As customers walk into a Fuddrucker's, they see meat being ground fresh in the butcher shop, rolls, cookies, and brownies being baked in the bakery, and crates of fresh vegetables stacked in the produce area. They order a plain burger (for about $3.85, depending on the unit) at the counter, then go to a condiment bar to choose from crocks of melted cheese and every possible variety of accompaniment.

Sea Galley Store's Flakey Jake's essentially follows the same format, but offers a broader menu with soft tacos, chicken salad, fish sandwiches, and an even larger condiment bar, offering everything from guacamole to sauerkraut and pineapple. Average check runs $5, according to senior vice president John Zechman. Annual unit volumes reach $2 million. There are currently 10 units, with plans for 19 more company stores and eight franchised

FULL SERVICE GOURMET BURGER CONCEPTS

Concept	Number of Units (Mid-Summer 1984)	Average Unit Volume	Growth Outlook
Chili's—Much-copied public company headed by former Pillsbury Foodservice chief Norm Brinker. Recently broadened Mexican-influenced menu well beyond burgers.	32	$2 million	Expansion at 50 percent rate per year.
Daly's Dandelion—Lower-check-average conversion vehicle for NY-based Beefsteak Charlie's serving burgers, pasta, salad, and sundaes.	1	$3.2 million	Two more conversions scheduled and three more possible.
Hamburger Hamlet—Thirty-year-old white tablecloth concept featuring burgers, chili, and fresh desserts.	22	$2 million	5 units in the next 12 months.
J.J. Muggs—Developed by S&A Restaurant Corp., owner of Bennigan's and Steak & Ale, as a low-investment diversification vehicle.	6	$1.7 million	12 units by June, 1985, then watch for rapid expansion.
J.T. McCord's—Half-pound burgers, sandwiches, salads, and full dinners distinguish Pizza Inn's diversification concept.	5	$1.8 million	7 new units next year, then 10 a year in succeeding years.
Laredo's—A conversion and diversification vehicle for Magic Pan, with Mexican emphasis.	2	$700,000	9 units by July, 1985.
Moxie's—Diversifood's concept sells smaller burgers for lower prices in converted Cork'n Cleavers.	2	$1.25 million	Possibly 50 units by end of 1985.
Red Robin—This 15-year-old concept is diversifying its menu to attract a broader range of customers.	22	$1.9 million	18 openings in 1985, 185 units by 1989.
R. Thomas Hamburger Cafe—Developed by founder of upscale chicken concept Bojangles. Omelets and leisurely service distinguish this concept.	1	$1.8 million	5 units in next 18 months.
Spoons—Continuing to diversify, Saga Corp. acquired this Mexican-flavored concept which is still in the development stage.	6	$2 million	15 units in fiscal '85.
T.J. Applebee's—Acquired by W.R. Grace fast food division, Creative Food 'N Fun. A broader menu than typical gourmet burger operation. Patterned after a neighborhood pub.	5	$1.3 million	210 units in five years.
T. Twiggs—Developed by diversifying Greyhound Food Management, this concept emphasizes burgers, steaks, chicken, and fish.	1	$1.2 million	This is pilot unit; growth dependent upon success of test concept.

units by the end of the year. Expansion is being financed by two public offerings made this year.

Company stores are grouped in Los Angeles and Seattle, with San Diego pinpointed as the next market for penetration. Zechman adds that rights have been sold and commitments have been made for over 200 franchised stores over the next four years, with about 75 company stores to be opened in the same period. Although Sea Galley Stores has encountered some financial difficulties the openings will not be conversions, says Zechman.

Victoria Station's Bonkers Burger Grill & Bar is also self-service with a similar format of a display butcher shop and bakery, but decor is more 50s style and less turn-of-the-century than either Fuddrucker's or Flakey Jake's. The first unit, a conversion, opened this summer in Woodland Hills, California.

The company recently signed an agreement in principle to receive $5 million in equity financing from Golder, Thons & Cressey, a private investment group in Chicago, to expand the concept. A second unit is now under construction in the Chicago area. Sales of the first Bonkers units are reportedly expected to reach $2.6 million for the year, enough reason for the troubled 100-unit chain to consider expanding Bonkers. The company has lost $16 million over the past four years.

At the first Bonkers, a new skin covers the existing building so the trademark train cars now resemble pink and stainless steel 50s diner cars. Inside, a black and white tile floor, 50s music on the jukebox, and neon signage continue the 50s theme. Like Fuddrucker's, Bonkers features a display bakery at the entrance, as well as a display butcher shop and a big condiment bar. The menu also features barbecued ribs.

Purdy's, the subject of one of Fuddrucker's more recent lawsuits, currently consists of two units in Dallas and Austin. Owner Ralph McElroy opened the first unit (in Dallas) in June of 1983, and as many as three more units (one in Houston; two in Dallas) will open this year.

Donny Marzluff, Purdy's director of operations, notes that because of an injunction issued as a result of Fuddrucker's suit Purdy's has eliminated its black and white tile floor and has temporarily closed the display bakery and butcher shop. Sales have not been affected, however, he says.

Purdy's menu is wider than some of the self-service concepts. In addi-

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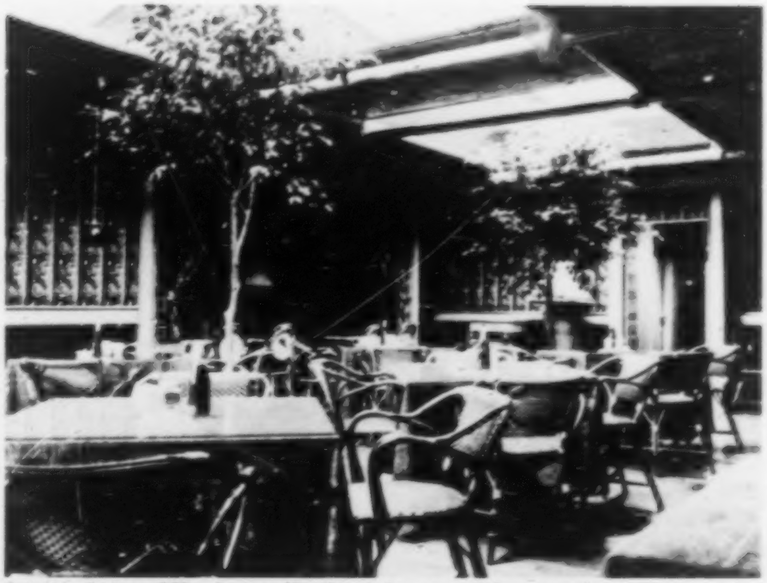
SELF-SERVICE GOURMET BURGER CONCEPTS

Concept	Number of Units	Average Unit Volume	Growth Outlook
Bonkers Grill & Bar—Fifties decor and display areas highlight Victoria Station's conversion vehicle.	1	$2.6 million	Company plans to convert underperforming Victoria Stations—up to 15 units possibly within next year.
Ed Debevik's—Patterned after a 50s diner. Joint venture between Phoenix-based Big Four Restaurants, Chicago-based Lettuce Entertain You Enterprises, and Collins Foods.	N/A	N/A	First unit opened late August. Units opening in Chicago, Phoenix, and California. After that, expect rapid expansion.
Flakey Jake's—Broad menu and turn-of-the-century decor highlight this make-your-own concept owned by Seattle-based Sea Galley.	10	$2 million	Over 200 franchised units and 75 company units in next four years.
Fuddrucker's—Much-copied concept featuring open butcher shop and bakery plus fresh product display. Limited menu emphasizes varietal condiment bar.	22	$2 million	65 to 75 units by end of 1984
Purdy's—Fifties theme and diversified menu distinguish this concept owned by Austin, Texas restaurateur Ralph McElroy.	2	N/A	3 more units to open this year.
Round the Corner—Boulder-based company has a broader menu than typical self-service concept. Customer orders by phone and picks up own order when phone buzzes.	30	$800,000	Number of units depends on number of good locations. Concentrating on markets where there is already a presence.



Interior design of Hamburger Hamlets is less casual than most burger concepts.

tion to hamburgers, the restaurants serve sandwiches such as breast of chicken, a quarter-pound hand-breaded cod sandwich, and a fried oyster poorboy. The bakery turns out cookies, cakes, and pies in addition to buns and the typical brownies. In keeping with the 50s theme, Purdy's is one place the customer can still get a cherry or vanilla coke.

Ed Debevic's, the joint venture between Collins Foods, Chicago-based Lettuce Entertain You Enterprises, and Phoenix-based Big Four Restaurants, also offers a broader, varied menu that includes hamburgers and hot dogs. Check average is expected to be around $5.50. The first unit was to open at the end of August or beginning of September in Phoenix, with a second unit in October in Chicago. Units will follow in Phoenix and California. After this test phase is completed expansion will be rapid, says Big Four's director of public relations Terry Cera.

The "diner" is open for breakfast and serves salads, chicken, tuna sandwiches, chili, etc., in addition to hamburgers and cheeseburgers. Price range is from $3 to $5.

It's impossible to say at this point whether "gourmet burgers" are a fad or the foodservice of the future. One thing is for sure: Competition is heating up. □

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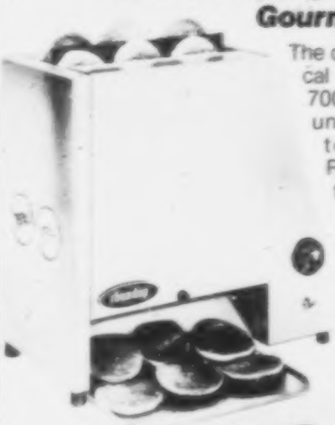

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Market Segment Report

C-stores vie for fast food market

by Cynthia Amorese

Since the mid-1970s, convenience stores have been actively seeking to take advantage of a growing demand for quality foods served quickly and inexpensively.

Propelled by strong demographic factors (women entering the work force in record numbers, baby boomers reaching maturity, older people remaining mobile and active later into life), this demand has created a lucrative new market for establishments catering to on-the-go customers with restricted budgets and tight schedules.

By virtue of prime location and established clientele, convenience stores were ideally positioned for a thrust into the fast food market. Low investment costs and high profit margins clinched the decision to pursue this advantage. In the past four years, tentative courtship of the market has grown into ardent romancing.

Fast food chains continue to grow and prosper, but so do the food operations of the country's top 10 convenience store chains, where fast foods currently contribute up to 15 percent of total merchandise sales.

According to recent data published by *Restaurant Business* magazine in its Restaurant Growth Index (RGI), the fast food segment of the foodservice industry grew by 10.5 percent to $38.8 billion in 1983.

By comparison, fast food sales in convenience stores grew by 13.9 percent to $739 million during the same period.

Between 1983 and 1988, *Restaurant Business* expects fast food sales in C-stores to grow at a compound annual rate of 14.6 percent versus a projected 9.5 percent rate for fast food chains. That translates into an increasingly handsome market share for an industry many believed could never be competitive in foodservice.

The advantages of buying lunch at a convenience store instead of a fast food restaurant come down to the operative word of the industry—convenience.

The president of one C-store chain points out that in addition to quality, broad menu, competitive pricing, and the opportunity to combine food purchases with other shopping, his company's stores enable customers to "get in, make a fast food transaction, and get out quickly."

The country's top 10 convenience store chains (ranked by number of units in the accompanying chart) all offer what could be labeled a "standard" C-store menu: sandwiches, burritos, nachos, hot dogs, pastries, and beverages. Emphasis is on self-service, preparation is by microwave, and prices rarely exceed $3.

The differences among the chains lie in quality of product and willingness to pursue new market segments. Ultimately, these differences reveal the degree of commitment each chain has made to its food program.

One of the chains most vigorously pursuing the fast food market is Na-

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At 7-Eleven, the largest C-store chain with close to 7,000 units, fast food accounts for about 15 percent of total sales.

National Convenience Stores has extensively developed a full range of fast food items for its Stop N Go units.

tional Convenience Stores Inc., a Houston-based company that operates 1,082 units (mostly under the name Stop N Go) in 11 Sunbelt states. For fiscal 1984, fast foods accounted for 11.5 percent of total merchandise sales, or roughly $59 million.

NCS has helped set every major trend in C-store fast food growth—company-owned commissaries that prepare and distribute quality products; deli counters that offer fresh-made sandwiches and hot entrees; a fried chicken program that uses fresh poultry; and seating that provides an alternative to take-out.

When NCS started building its fast food program a decade ago, president and CEO Pete Van Horn perceived that quality would determine its success or failure.

"I wanted a better-quality product," he says. "What we'd had were poor-quality sandwiches merchandised in a glass case. The suppliers wouldn't improve *their* quality, so we started producing our own fresh product."

From two distribution centers in Texas and California, NCS provides most of its stores with 25 sandwich varieties plus the fixings for hot dogs, burritos, nachos, and other popular finger foods.

In areas not served by the commissaries, in-store delis make sandwiches to order. Several Stop N Gos have hot delis that offer such fare as barbecued ribs, corn on the cob, and made-from-scratch fried chicken.

Seating is provided in more than 100 NCS stores; by next year the figure should be 300.

To achieve a better space-to-sales allocation, NCS is moving dry groceries, which account for five percent of sales but have gotten up to 50 percent of prime floor space, to rear wall areas. Much of the cleared space—an average of 500 square feet per total 2,400—is being devoted to fast foods.

An even greater amount of floorspace is given to prepared foods in the company's Superstores, which range in size from 3,000 to 4,800 square feet. For double the total investment (it costs roughly $25,000 to equip a standard Stop N Go for foodservice), Superstores use the high profit margins of fast foods and nonfoods to generate three to four times more sales.

From a base of 16 Superstores in operation at the end of 1983, NCS plans to open eight to 10 more yearly.

The Dallas-based Southland Corporation, undisputed king of the C-store industry, has made fast foods a significant part of its giant 7-Eleven operation.

With close to 7,000 U.S. stores, the chain leads the nation in sales of brewed coffee and holds third place in fountain soft drink sales. President Jere Thompson estimates that fast foods may account for as much as 15 percent of current store sales.

The basic 7-Eleven menu includes hot dogs, nachos and burritos, 15 sandwich varieties, breakfast pastries, sausage biscuits, corn dogs, and French bread pizza.

Most of these items are prepared, wrapped, frozen and sent microwave-ready from six strategically located food commisaries owned by the company. A dairy division supplies the stores with milk, juices, and frozen novelties. Because Southland serves outside customers as well as its 7-Eleven stores, the food and dairy centers are profitable operations in their own right.

For the past year, Southland has been test marketing a new fast food concept in Virginia and Texas. Approximately 40 7-Eleven units have been extensively remodeled to ac-

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C-stores *continued from page 141*

commodate both a convenience store and a foodservice section called J.T.'s Sandwich Shoppe (Southland's chairman of the board, John Thompson, shares initials with his brother Jere, company president).

An on-site bakery highlights each J.T.'s, producing breads, croissants and sweet rolls throughout the day. A deli lets customers choose their favorite sandwich makings or opt for meal-in-a-bowl foods like beef stew and chili. Cole slaw, potato salad, and other popular side dishes round out the menu.

Southland officials decline to talk about the sandwich shops, saying they're still an "experimental operation." The opening of new J.T.'s in Austin, however, might signal the success of the experiment.

The Circle K Corporation, which operates 2,185 convenience stores and C-store/truckstop combinations in 18 western and Sunbelt states, has, according to president Bob Hutchinson, "proved that a convenience store can produce, distribute and sell a quality sandwich."

The Phoenix-based company maintains an 18,500 square foot commissary that produces more than 300,000 private brand sandwiches (16 varieties) weekly. The commissary also supplies sandwiches and Mexican foods to more than 1,100 outside accounts, mainly other convenience stores.

The food operation contributed enough to last year's revenues (eight percent for store sales of fast foods) to be cited by chairman of the board Karl Eller in his May announcement that Circle K had surpassed the billion-dollar mark for annual sales.

"The rapid expansion of our fast food business and the resulting increased profitability of our commissary operation made significant bottom line contributions," he says.

Cumberland Farms, the country's third-largest convenience store chain, has been actively pursuing the fast food market for only a year. Based in Canton, Mass., the privately held company operates 1,200 units in 10 northeastern states and Florida.

Offering a fairly standard menu (15 sandwich varieties, donuts, pizza, Mexican foods), the company is rapidly exploring ways of mining the gold it sees in fast food.

"Fast foods provide a new source of revenue at high profits," says John Tambakis, director of special projects. "Quality is the edge on which you compete, so you're going to find everybody doing the best they can."

To regulate its own product quality, Cumberland Farms established a commissary in late 1983 which is geared to service outside customers as well. The company is expanding the amount of store space it devotes to fast foods and considering the possibility of adding seating to certain units.

For the Lawson Co., an Ohio-based subsidiary of Consolidated Foods Corp., Chicago, delis are big business.

Each of the chain's 680 stores has a full-service deli featuring a large selection of cold cuts, cheeses and side dishes. Fried chicken, cooked from scratch, is offered in 15 stores. To ensure good service and compli-

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TOP 10 CONVENIENCE STORES*

Company/Headquarters (dba)	U.S. Units	Geographic Concentrations
The Southland Corp. Dallas, TX (7-Eleven)	6,962	41 states and District of Columbia
The Circle K Corp. Phoenix, AZ (Circle K and UtoteM)	2,185**	18 states, West and Sunbelt
Cumberland Farms Canton, MA (Cumberland Farms)	1,200	11 states, New England, Pennsylvania, Texas
Convenient Food Mart Rosemont, IL (Convenient Food Mart)	1,096	39 states, Midwest
National Convenience Stores, Inc. (Stop 'N Go, Shop 'N Go, Hot Stop, Colonial, Stop 'N Serve, Super Stop, Schepp's Food Stores, Rebel, Rebel Plus)	1,082	11 states, Sunbelt (mainly Texas)
Munford, Inc. Atlanta, GA (Majik Market)	863***	14 states, South
ARCO Petroleum Atlantic Richfield Los Angeles, CA (am/pm Mini Market)	770	13 states and District of Columbia, West and Northeast
The Lawson Co., Consolidated Foods Corp. Cuyahoga Falls, OH (Lawsons)	680	4 states, Midwest
The Convenience Store Group, Petroleum Products Division, Crown Central Petroleum Corp. Raleigh, NC (Fast Fare, Zippy Mart)	573	5 states, South
The Pantry, Inc. Sanford, NC (The Pantry)	470	5 states, South

*Ranked according to number of units. **January '84 ***July '84*

C-stores *continued from page 144*

ance with health regulations, all deli workers are trained in proper techniques of food handling (this holds true for other convenience stores too). Expansion into fast food seemed a logical move to Frank Alger, president and CEO of Lawson Co.

"Statistics are that about 80 percent of all products bought in a convenience store are consumed within 24 hours," he points out. "That means we're already selling 'fast foods' compared to grocery stores. We're successful because we have a tremendously large customer base going into our stores each day, and we offer convenience, quality, and, in many cases, lower prices than the fast food franchises."

To get the most from its fast food program, Lawsons has renovated 60 stores to make room for prominently placed foodservice and seating areas.

With several more stores slated for similar remodeling, Alger anticipates a handsome return on the investment. "I expect our fast food sales to more than double in the next three years," he says. Fast foods currently account for five percent of total merchandise sales.

Another convenience store chain with a prosperous deli program is Convenient Food Mart of Rosemont, Ill. Almost half the company's 1,096 franchised units have full-fledged delis offering made-to-order sandwiches as well as cheeses and luncheon meats by the pound.

Dining facilities are featured in more than 100 Stop N Go stores.

"The future is in perishables—deli, produce and bakery," says Marty Venturini, Convenient Food Mart's national marketing director. "And a good thing about fast foods," he adds, "is that they generate a lot of plus-sales. It's very easy to sell someone an apple to go along with a sandwich."

To make sure it's easy, produce cases stocked with fresh fruits and vegetables are a regular feature of Convenient Food Marts.

Besides fresh-made sandwiches, the fast food category showing strongest growth in convenience stores is chicken.

The biggest chains—Southland, Circle K, and Cumberland Farms—are eyeing this labor- and equipment-intensive business with caution. But other major chains are going after the chicken market with a vengeance, determined to "do it right" by anybody's standards.

continued on page 148

STOP N GO
STOP N GO
101 108 115

Stop N Go 'superstores' are 50 percent larger than the standard unit with most space used for fast food service.

C-stores *continued from page 146*

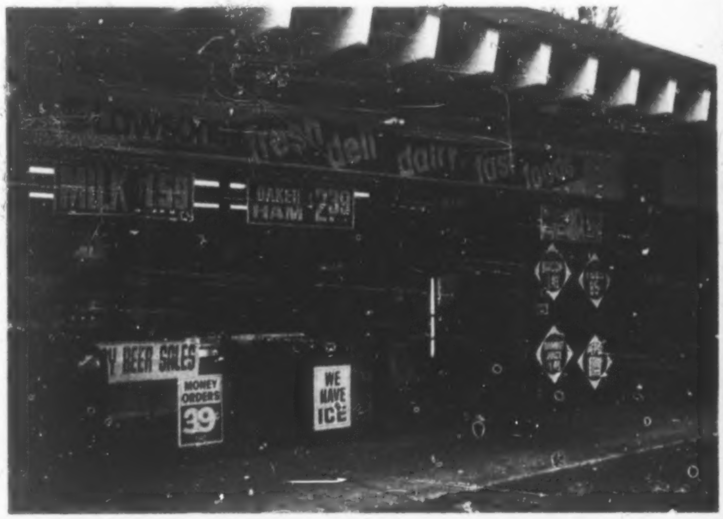
The North Carolina-based Pantry chain uses fresh chickens and pressure-frying systems to produce a moist, quality product.

Location is key to the Pantry's success. Though limited to 57 stores of a total 470, the chicken program is targeted to a particular market.

"We put our chicken operation in smaller communities where there aren't too many fast food chains," explains Roger Cox, director of marketing. "We offer a fast food product not normally available to these communities, and we're successful at it because of quality and price."

Chicken isn't the only fast food available at Pantry stores. All offer sandwiches and beverages, 57 have delis, 25 feature fresh donuts, and several make biscuits from scratch to successfully compete for breakfast trade against neighboring Hardees operations.

Convenience stores have stepped up the promotion of their fast foods, pushing new menu items and specials with everything from print, radio and TV advertising to billboards, merchandise giveaways, and elaborate POP displays.



Storefront banners promote deli and fast foods at Lawsons.

Fliers and radio commercials are the most commonly used means of getting out the message, but Circle K has borrowed some tricks from the fast food pros.

This past spring, all Circle K stores carrying the company's Deli-Fresh line of sandwiches participated in a sales incentive contest pitting each store's sandwich sales for April against the combined average of its February and March sales.

Power of suggestion proved an effective tool. Merely by encouraging customers to try a Deli-Fresh sandwich (anything from tuna salad to a 14 oz. "Texan" suffed with four meats and two cheses), Circle K employees boosted impulse sales by as much as 150 percent.

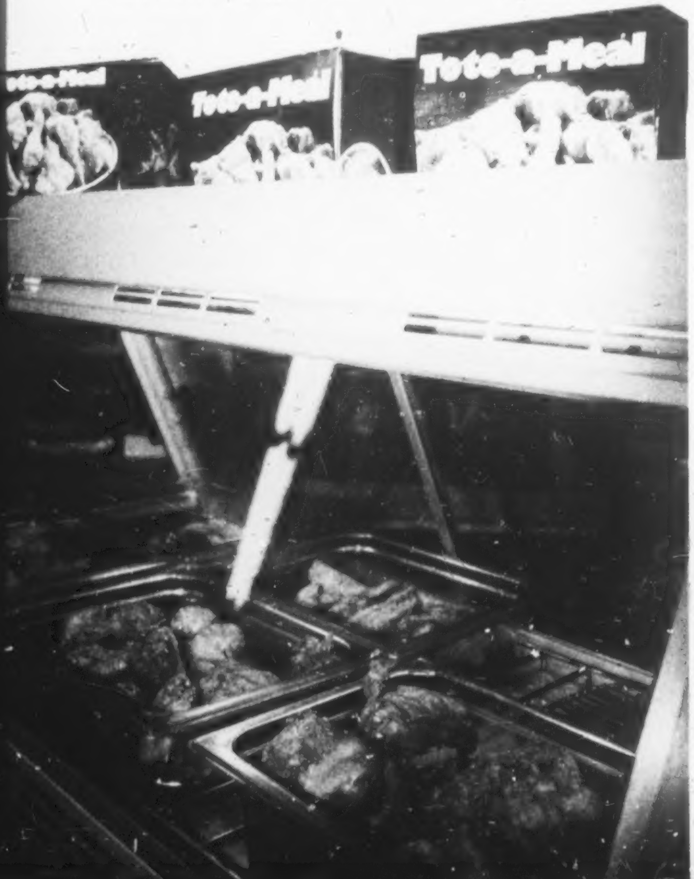
Managers of the 30 stores showing the greatest increase in Deli-Fresh sales received prizes ranging from expense-paid vacations and cash gifts to color T.Vs, 35mm cameras, and his/her watch sets. All employees of winning stores were awarded two shares of Circle K stock and an eight-pound cured ham.

"We're very pleased with the results," Stephen Schwitalla, vice president of foodservice, announced at the conclusion of the contest. "Suggestive selling is the greatest single contributor to incremental sales gains in conventional fast food establishments. For this reason, future contests are planned to further stimulate this important aspect of our program."

Of all the convenience store chains in the country, only the Southland Corporation is large enough and geographically dispersed enough to reap the benefits of national advertising and promotions.

The connection between Summer

continued on page 150



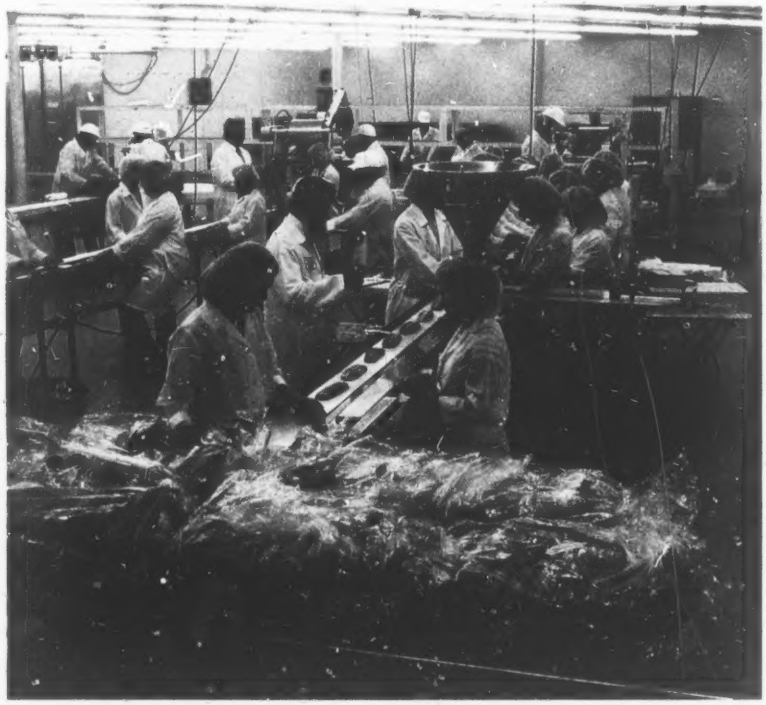
Lawsons promotes its freshly prepared fried chicken.

Olympics support and increased fast food sales may seem obscure, but the fact that 7-Eleven is favorably known throughout the country ultimately translates into dollars.

Last fall, to provide "a little taste of home," the Navy asked Southland to convert a canteen aboard the U.S.S. Guam into a mock 7-Eleven.

Mike Frost, a 7-Eleven division manager for southern Virginia, jumped at the chance to get his company's name in front of the 2,000 sailors and marines aboard the Norfolk-based helicopter carrier, and completed the transformation within six days.

"We gave them a Slurpee machine, various 7-Eleven products, and even offered shelving and instore fixtures to make the store look authentic," he says.



The Circle K commissary produces more than 300,000 sandwiches weekly.

Any discussion of convenience stores must include mention of gasoline.

All 770 of ARCO's am/pm Mini Markets have gas pumps out front. The Convenience Store Group, a wholly owned subsidiary of Crown Central Petroleum and before that a part of Sun Oil, sells gas at 70 percent of its 573 Fast Fare and Zippy Mart stores. With the exception of two midwestern chains—Convenient Food Mart and Lawsons—the country's top convenience stores all sell gas at a majority of locations.

The tie-in between gasoline and fast food becomes apparent in the annual report of the Southland Corporation, which last year acquired Citgo Petroleum: "Self-serve gasoline accounted for over one-fourth of 7-Eleven sales and contributed significantly to merchandise sales, with 34 percent of gasoline customers purchasing other items."

Those "other items" were often fast foods, and at National Convenience Stores, which has pumps at 85 percent of its locations, the percentage of gas customers making instore purchases is edging up to the halfway mark.

The relationship is symbiotic in that the high profit margins and stable draw of fast food help offset fluctuations in the retail gasoline market.

Where gas stations are the principal business and convenience stores are ancillary (as with the ARCO and Crown operations), fast food programs have developed more slowly. Where convenience stores are *the* business, however, fast food programs have grown rapidly.

Atlanta-based Munford Inc. falls somewhere in between the two types of operations. In a program the company claims to have pioneered more than a decade ago, Munford runs 469 of 863 Majik Markets in conjunction with major oil companies.

In addition to the standard fare, Majik Market offers french fries, chicken nuggets, and soft-serve ice cream—items which have been added within the last two years.

Munford's 1983 annual report notes that "fast foods and snacks (are) becoming increasingly more important to profit margins." But marketing director Ed Taylor says, "As yet, there has been no conscious decision made to settle on a path of action to enhance that operation."

So what are fast food chains saying today about C-store food programs? Arlene Gulas, public relations director for Subway, the country's largest sandwich shop chain, says product quality and personalized customer service will maintain the company's edge.

Larry Higby, senior vice president of marketing for Taco Bell, says, "We're in the restaurant business instead of the food business. The method of food preparation in most convenience stores precludes them from real competition with us—our food is always fresh and prepared when you order it."

And Nancy Bishop, press relations manager for Kentucky Fried Chicken, answers the question of C-store competition with, "We don't view competition as a threat, because it increases interest in the whole market segment."

That's fine with Pete Van Horn, president of National Convenience Stores. He likes not being perceived as a threat. "As long as the fast food chains believe we can't compete in quality," he says, "they'll ignore us, and that'll be a very healthy thing for us." □

Expanding European markets

by Priscilla Andreiev

This year more companies are exporting more American concepts than ever before.

McDonald's growth rate abroad is up to 20 percent per year. Kentucky Fried Chicken (KFC) targets 900 new units overseas within the next five years. Mr. Donut has staked out new territories and Denny's wants to dominate the coffee shop segment in Japan. Pizza Hut's international division has nearly doubled in the last three years. This year more companies are exporting more American concepts to more foreign markets than ever before.

New concepts to go abroad include gourmet burgers, submarine sandwiches and Tex-Mex food. Premium ice cream, deep dish/pan pizza, chicken nuggets and Maine lobster are among the products that are making waves. Markets opening up to American fast food concepts include South Korea, Indonesia, Italy, Oman, Andora, Argentina and possibly even mainland China. Local chains in France, Japan, Spain and Australia are positioned for growth.

Overall U.S. foodservice industry executives now see a sunnier future worldwide than in the past several years. In general, recovery of the domestic fast food industry and stabilizing of world economies are behind the change in climate. The forces behind optimism for specific markets, however, are as varied as the cultures and peoples of the world—with everything from a depressed real estate market in Hong Kong to liberalized foreign currency exchange control in South Africa fueling growth.

Another trend that has been several years in the making, but has surfaced strongly in the last year or so, is a more demanding foreign public for American foodservice concepts. Higher quality products, improved decor and more consistent service are what customers in maturing foreign markets are demanding. As a result, many established limited menu operations are upgrading decors and advertising high quality ingredients to erase fast food's plastic, snack food image.

Another key factor in international expansion is that parent company investment in foreign markets is on the rise to help support the quality control and image building efforts. Investments are being directed to increasing equity positions in foreign operations, funding remodeling and construction, and establishing American management staffs overseas.

Many companies are beginning to realize what McDonald's and KFC have known for years–entry into foreign markets necessitates long term commitment from parent companies. Says Joseph Dubanoski, vice president of International Multifoods (parent of Mr. Donut): "My advice to anybody who wants to go into the international market is to be patient."

The following article offers insight into some key European markets for international expansion. The next issue of *Restuarant Business* will focus on Japan as well as other markets in Southeast Asia.

McDonald's
HAMBURGER RESTAURANT

Although Europe is a very fragmented market in terms of languages, laws and business procedures, the cultures and dining habits of the Europeans are relatively homogenous and closer to those of America compared to Asia and the Mid East. So building the fast food market in the United Kingdom and continental Europe has been less a matter of fine tuning menus than creating an acceptable image for fast service type operations.

The problems that some American concepts are having in Europe

McDonald's
McDonald's

With its new Paris unit, McDonald's hopes to reestablish its presence in the French marketplace.

are not due to having the wrong food, but to a lack of operations, training and marketing support from parent companies. The single most important trend in the European fast food market today is a retrenching and reinvesting of company energies and money into existing markets. Either through buying back franchised units, creating joint ventures with well established European partners, or sending more company personnel to support franchisees, the fast food giants are tightening up the reins on European operations. Implied is their intention for more rapid future expansion, including more units and a broader customer base.

The emergence of a second level of multi-unit operators in the moderate price range is also an important recent development in Europe. Theme dining is no longer an isolated mom-and-pop proposition and is taking off very rapidly, especially in Britain through the conversion of pubs.

Though Weinerwald is no longer a mover and shaker in European markets and is regrouping after bankruptcy proceedings, other indigenous chains are getting agressive in Europe, including Wimpy International from Britain, Acor's Freetime from France, Nordsee from Germany and GB Quick from Belgium. In addition, Spain and Italy seem to be on the verge of some important fast food activity after 10 years of watching other European countries pass them by.

Food quickly prepared and casually served, in other words, fast food, was no revolution to Europe. Brits were picking up fish and chips at the local pub, and the French crunching their *croque monsieurs* in cafes long before Ronald McDonald came on the scene. In fact, London-based Wimpy International was selling hamburgers before McDonald's even broke into the market. What created the fast food revolution in Europe was not the food, but the packaging—disposable wares, plastic chairs attached to plastic tables, standardized decor and volume production.

McDonald's, without question, has been the leader in creating this image, especially in England and Germany, countries with a high percentage of company-owned units. The company continues to pave the way, as it is now making inroads into Scandanavia and the Mediterranean.

In England and Germany, McDonald's has achieved market penetration by running a tight ship from day one. The parent company increased ownership in its British affiliate from 50 percent to 100 percent last year, and in Germany about half the stores are company-owned and the rest run by various franchisees. The quality control, training and fine marketing programs McDonald's has provided in these countries has paved the way for other operators, not only in the major cities, but in secondary locations. McDonald's has been very responsive to the need to adjust exterior fascade designs to not clash with historic neighborhoods, a factor that has helped it expand into the British countryside.

In Germany, McDonald's has been most innovative, introducing a drive-thru unit and an operation in the Frankfurt airport this year. Playlands are also a feature of McDonald's company-owned units throughout Europe.

McDonald's operations in France, opened in 1972, undoubtedly had something to do with the way the company approached other markets. Early in the '70s, the company granted Raymond Dayan a master license to develop Paris and the environs, and set him loose. In nine years, Dayan built 12 flourishing units, but two years ago he was stripped of his franchise for nonconformance to company standards after a lengthy court battle.

A company-owned unit has since reopened in Paris this year, in a chic shopping and entertainment district. Decor is extravagant with lots of wood, marble, wrought iron and cloth upholstery — an obvious effort to erase the former McDonald's image created by Dayan, whose small, sparsely decorated units were productive but short on atmosphere. The upscale decor and location is also a definite bid to attract a broader, older clientele in Paris, where the concept had been decidely oriented to teens. McDonald's has 16 units throughout the French provinces in secondary cities, but is at a disadvantage in Paris where many other companies already have multiple units.

McDonald's management in Europe has indicated it considers the potential market for its concept to be just as great in France as it is in Germany and Britain.

Burger King jumped in to compete with McDonald's in Europe and in fact has more units in Paris (5) and in Spain (18) than its competitor, but has been stymied recently by operational problems. With unprofitable company-owned units, franchisee rumblings and several store closings in Germany, Burger King is concentrating on already existing units and especially company-owned units before any agressive growth.

Says Burger King's John Wier: "Germany, Spain and England are the main areas of opportunity for us. We have franchisees in a number of other countries, but we are trying to concentrate on countries that have the greatest potential. We entered Europe in the late 70s and made some mistakes. We are in a turnaround stage in Europe."

To correct these mistakes BK parent company, Pillsbury, has budgeted $20 million for reorganization and sent William Prather to Europe as vice president for that region. In addition, Weir says that company president Jeffrey Campbell has "taken a personal interest in the European turnaround and will work hand in hand with Prather now that domestic operations are in good shape."

Remodeling efforts are being directed to both company-owned and franchised units in England and Germany. Last year, five of the 10 UK units were transformed with light wood, brass rails, ceiling fans,

In February 1984, the biggest German shopping center of 300,000 square feet was opened in Koblenz (near Frankfurt). It consists of more than 130 individual retail shops, as well as an attractive restaurant area.

ECE Corporation, one of the leading and most successful management companies for shopping centers in Germany, set up the Koblenz center. At present, this corporation owns and manages 16 centers in Germany as well as four centers in the U.S., managed by a subsidiary company. The total investment for this center amounts to over $90 million.

The aim of the planners of the Koblenz center was to combine the advantages of a small restaurant with those of a big one. Of course, success could occur by the proper combination of all the amenities and standards required for a modern restaurant.

There is every reason to believe that the hypothesis was right. Ten weeks after it opened the food fair of the Koblenz shopping center posted sales twice as high as projected. At present the 11 tenants are serving 3,000 customers and averaging sales of approximately $13,000 daily. Sales are increasing steadily; experts forecast annual sales of $5 to $6 million.

The leased area is 17,222 square feet and subdivided into 11 individual zones, and one for each tenant All food fair restaurants share the sitting and recreation areas, dishwashing area, sanitary facilities and closets. Each tenant pays for 1,300 square feet their rented area plus part of the sitting zone, etc. This totals an average of about $4,000 a month. In addition, tenants share the general expenses, e.g. for the sitting area, for cleaning and personnel, dishwashing, etc. which is approximately $10 a square foot. Advertising and promotion expenses, (about three percent of sales) are also divided among the tenants.

During the planning period it was

Koblenz Shopping Center, Germany

of vital importance to find a well-balanced system of merchandising and to create diversified menus which would appeal to a broad customer base.

"Schlemmerland" shops include: Nett's: (Meat and sausage); Baquetterie Koll (French bakery-ware); Potato Box (Baked potatoes); Krakau's Soup Pot (Soups and stews); Burgspiess (Roast and gyro grill specialties); Il Gelato (Italian ice cream); Schlecking's Small Specialties (Light snacks, natural foods) Golden Pancake (Pancakes); Berolla (Fruit juices and vegetarian specialties); Mother's Kitchen (Local dishes); Pizza Piazza (Pizza); La Forchetta (Italian pasta, meat dishes, salad-counter and bar).

One of the most interesting factors of this operation is that unlike in U.S. food courts which use disposables, Schlemmerland uses china. Each tenant selected a limited set of chinaware. All together, there are 14 different china items, as well as cutlery and three sizes of glasses.

The dirty tableware and cutlery of all the shops are washed at the central dishwashing area and supervised by the center management.

Printed cards on each table remind guests to bring their used plates and glasses to the dish-return conveyor. At present, this is being practiced by about 80 percent of the guests. The remaining plates are being cleared away by the center personnel. The clean dishes are returned to individual shops in special containers.

One of the greatest concerns of the planning team was to display food in an appetizing manner. It was necessary to create an attraction at each counter; to bring the cooking equipment into view of the guests, or to display the food in an attractive way. In order to obtain a fairly homogeneous appearance of the various shops an interior design package was offered to the individual tenant by the owner. Ninety percent of the tenants took advantage of this offer.

The main idea was to create an attractive environment, an atmosphere where people would feel at ease and where they would love to come back. This was realized by the use of glass, ceramics, wood and brass, which help create a warm, inviting ambience.

The average tenant invested between $40,000 and $75,000 each for their shops plus kitchen equipment. The owner bore the greater part of the mutually invested equipment of over $1 million and also bore the planning costs of the new concept as well as for the training.

The ECE Corp. wanted to develop new ideas in the catering business. As a result, not only German, but also European specialists are watching closely to see if the Koblenz center's success will keep on growing.

Charles Fessel

BURGSPIESS

Burgspiess, serving grill specialties, shows emphasis on food display.

Hanging plants, wood and brass accents combine to create a warm atmosphere.

quarry tile floors and movable chairs. In addition, funds are being channeled into training and quality control to bring units up to U.S. standards.

"We are getting back to the basics of quality, service and cleanliness," says Weir, "rather than adding menu items." The strategy is working already, because in the units that have been remodeled and reorganized, Weir says "Business has improved markedly. There is clearly an expectation of an upscale experience in Europe." Weir also notes that the market is maturing in that more adults are eating fast food.

Another recent development that will give Burger King a boost in Europe is the agreement the company signed this year with the Army and Air Force Exchange Service to open Burger King units on military bases both in the U.S. and abroad. The guaranteed captive market that these institutional locations will provide will allow Burger King to have more management personnel in Europe and other foreign markets.

McDonald's also just signed a similar agreement with the U.S. Navy which will give it an entree into new markets worldwide, particularly in the Pacific.

Italy has been slow to get fast food, probably because most food is consumed at home with the family and also because labor costs are very high. Now, however, several big burger chains have entered the market, including Wendy's, GB Quick of Belgium and Burger One which is owned by a large Italian manufacturing concern. McDonald's has been working on getting into Italy, but has still not finalized an agreement to date. A&W is eyeing Europe and the company's Jerry Hoskins feels the concept's niche is still unexploited, but predicts it will be three to five years before any action will be taken.

Europe is going to get gourmet burgers in the near future, however. Fuddruckers, the hot 32-unit gourmet burger chain based in San Antonio, will debut their product in two European markets through a joint venture with a group of British investors. According to Fuddrucker's marketing v.p., Clark Crowdus, the group is committed to opening three units in West Germany and one unit in Britain within three years. Crowdus confirms that the Fuddrucker's abroad will be very similar to those in the U.S., which feature displays of fresh ingredients, freshly baked goods and ground meat, and big burgers cooked to order. In addition to the joint venture operation in Europe, Fuddruckers is in negotiation with a potential Japanese franchisee to open units in that country, but Crowdus could give no time frame for expected openings.

Europeans have been eating fast food chicken a la Weinerwald's for years, but fried chicken has not been important to the market. Now that Weinerwald's bankruptcy has put that chain into the sidelines, KFC is planning a major new push in markets where it already has a presence. Says KFC's Robert Hiatt: "We are underdeveloped in Europe mostly because of our own past inertia, and because we were concentrating elsewhere. We definitely feel there is good opportunity for growth there with only 38 stores today in continental Europe."

KFC has bought back a number of franchised stores in Germany and Holland to establish a strong parent company base. In Spain, where KFC

U.S. RESTAURANT FRANCHISES OVERSEAS

Number of Establishments

Location	1975	1976	1977	1978	1979	1980	1981	1982
Canada	940	1,074	1,074	1,196	1,383	1,227	1,220	1,172
Mexico	78	87	79	84	95	96	99	100
Caribbean	81	96	115	150	148	178	198	234
United Kingdom	408	433	421	454	494	511	442	481
Continental Europe	98	103	154	164	212	249	316	360
Australia	230	224	328	384	422	330	468	522
Japan	311	415	460	590	801	934	1,106	1,259
Other Asia	43	53	64	120	139	201	230	276
Other*	195	162	170	198	218	217	244	271
TOTAL	**2,384**	**2,620**	**2,865**	**3,340**	**3,912**	**3,943**	**4,323**	**4,675**

**Includes South America, Africa, New Zealand and Central America*
Source: Franchising in the Economy (U.S. Department of Commerce)

Bob Payton, London

One of the factors in foodservice operations that varies the most from country to country is liquor sales. The drinking habits of a people, in fact, are often cited as national characteristics. For instance, the French are stereotyped as wine connoisseurs, the Japanese as sippers of saki and the Russians as vodka quaffers.

In Britain the drinking habits of the inhabitants have indeed had an enormous impact on the foodservice industry. For centuries the British have frequented local pubs for the beer and ale as well as the socializing that was offered in these establishments. A handful of major brewers now control most of Britain's 75,000 pubs, and the pubs, in turn, have a stranglehold on liquor licenses. A license to sell liquor to individuals who aren't consuming food is almost impossible to obtain, according to Bob Payton, creator of London's Chicago Pizza Pie Factory. Thus, the cocktail bar, a strong revenue builder in the U.S., is relatively unusual in London's restaurants. What's more, according to Payton, many British pubs are dying because of the unimaginative and poor quality of food that they serve.

To help revive the industry and, at the same time, attract new generations of pub customers, the brewers are scrambling for new concepts, and Payton is trying to sell them one modeled after U.S. style singles bar.

Henry J. Bean's But His Friends All Call Him Hank Bar and Grill is eating and drinking establishment like Butch McGuire's on Chicago's Rush Street, says Payton. The key ingredients are good cocktails, pitchers of beer (unknown in the British market), juke boxes with hits from the 50s, friendly service, good nosh food, an open area for mingling, and seating.

Payton has convinced two breweries to open test units and both have established a good steady flow of traffic in less than six weeks after opening. "Our success has been even quicker at Henry J. Beans than at the Pizza Factory or the Rib Shack says Payton of his other London operations, which earn $1.3 and $1.2 million in sales annually.

In addition to establishing strong volume, Henry J. Beans promises to change the sales mix of the pub industry, which now rests at about 85 percent liquor and 15 percent food. "We have been running 60 percent drink and 40 perecent food," says Payton. It should be noted that though food costs are traditionally lower than liquor costs in the U.K. it is obviously not in the best interests of the brewers to encourage less important drink sales. Rather than let the pub industry fade away and in the interests of developing new, forward looking outlets for their products however, British brewers are committed to food oriented concepts. Chile, nachos and big burgers are luring Beans' customers to eat while drinking.

More important than sales mix, is the customer mix targeted: "Bean's attracts people that hate pubs--dirty, smokey, crowded places with bad food," says Payton. "We attract rock stars, tourists, and the younger generation that is into the 50s."

Payton's main concern for the pub/singles bars and indeed for all his operations is delivering what has become known the world over as American service. Efficiency is part of this concept, "knowing the shorthand 'fries with mayo' as opposed to 'an order of french fries with mayonnaise," according to Payton. But more than efficiency, energy, drive and giving people a good time is what Payton demands of his people. He is currently actively recruiting Americans for his European operations in Britain and Spain which will soon be joined by a fish restaurant in London and a Chicago Pizza Pie Factory in Paris.

Priscilla Andreiev

FIRST-AID
ARCADIA

Payton among memorabilia in new Harry J. Beans unit

Pizza Pie Factory gives Londoners taste of Chicago

Paparazzi, one of four Italian restaurants operated by Sigla, S.A. in Madrid.

One of Sigla's eight VIPS (restaurant-drugstore) locations in Madrid.

has had a presence but little growth for 10 years, the company has agreed on a agressive expansion plan with its joint venture partner there.

Pizza Hut, which only entered the European market a few years ago, has had very strong growth, with 73 units today and big plans for future expansion. Two events have contributed to this growth: First, Pizza Hut's agreement with Whitbred, a major U.K. brewery and pub operator to open freestanding Pizza Huts and "pizza in a pub" operations throughout Britain. According to a company spokesman, "Whitbred is having exceptional results, and has just signed a contract with GB Inno, a Belgian firm, to develop up to 28 Pizza Huts in Belgium and Luxemborg. Four units will be open within the year."

The introduction of its pan pizza product this year into U.K. and continental European units has been a more recent boost to Pizza Hut. Says the spokesman, "Our store average sales in Europe exceed those in the United States."

According to Jack Campbell of Pizza Time Theater, the success of American pizza parlors despite the density of indigenous mom and pop pizza places all over Europe is no surprise. "Europeans are used to pizzas with thin brown crust, almost dry, and little piles of toppings and no choice of sizes." The Pizza Time unit that opened in Paris three days after the domestic division declared bankruptcy is doing well according to Campbell. Even birthday parties have caught on though industry analysts thought the idea would never fly in France.

Certainly, the splash that Bob Payton made in the London market five years ago with his Chicago Pizza Pie Factory and its continuing success is a testament to Europeans' growing acceptance of pizza as a meal. Payton's own style of pizza, thick crust deep dish pie loaded with fresh tomato sauce, cheese and sausage, was quickly accepted in London and has had a similar reception in Barcelona where it debuted last year. A Chicago Pizza Pie Factory will open in Paris, appropriately on Valentine's Day next year. Heart-shaped pizzas will be the feature of the day.

In addition to a proliferation of sit down pizza operations, other types of theme dining concepts are springing up all over Europe.

In England where he has a rib place, a fish house and a broad menu dinner house, Payton says that the breweries are getting into the theme restaurant business with a vengence.

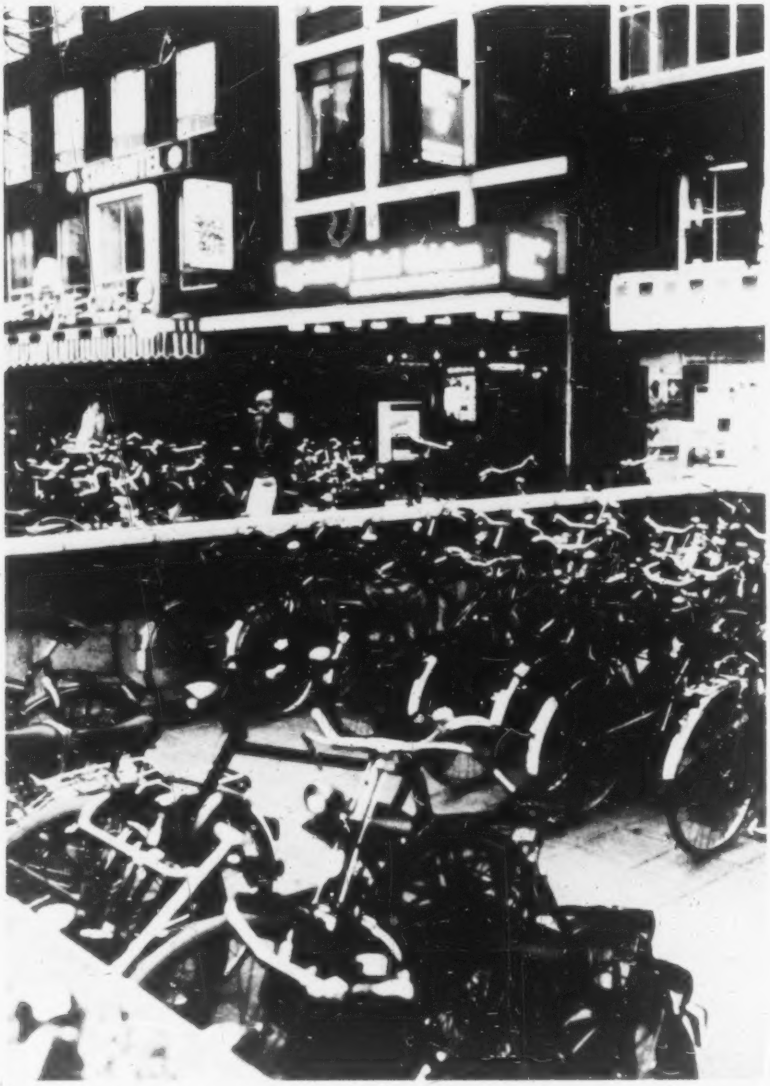
There are approximately 75,000 pubs throughout the U.K., most controlled by a handful of major brewers who also control most of the "full on" liquor licenses, those that allow the sale of liquor unaccompanied by food. Pubs have traditionally made their money selling about 85 percent liquor and 15 percent food, according to Payton.

Because of increasingly slow traffic and failure to attract any younger generation customers, many of the operators have been experimenting with new foodservice concepts. Payton has come up with an idea of his own based on American style singles bars which two brewers are now

The Major Chains' Foreign Markets

Company/Headquarters	Total Units	Total outside US	Countries with units in operation or under construction	International Market Priorities
A & W Restaurants [illegible]	740	[illegible]	Japan, Singapore, Thailand, Taiwan, Hong Kong, Indonesia, Malaysia, Kuwait	This year open in Thailand and Saudi Arabia. Aggressive expansion in Japan and Middle East. Expand in Europe in 3-5 years.
Arby's [illegible]	1254	[illegible]	Japan, Virgin Islands, Malaysia, Philippines, Canada, Thailand	Open another 10 units in Canada by year-end, 25-30 in '85, and 50 in 2 years. Open 11 units in Japan in coming year. Enter Kuwait and United Arab Emirates in coming year. [illegible] years.
Burger King [illegible]	3827	[illegible]	24 countries including Australia, Canada, France, Jamaica, UK, West Germany, Far East, Central and South America, Puerto Rico	Expansion to 400 units by '87 in Europe, Latin America, and Asia Pacific. Trying to turn around unprofitable European operations.
Chi-Chi's [illegible]	136	[illegible]	Canada	Doing market research to determine best sites in Europe and Asia. Ready to expand in Canada.
Denny's [illegible]	1234	[illegible]	Japan, Hong Kong, Australia, Mexico, Singapore	Substantial expansion expected in Japan, Singapore, and Mexico. Developing other untapped markets.
Domino's Pizza Ann Arbor, MI	1180	[illegible]	Australia and Canada	Expand in Australia and enter Japan within 2 years. Develop potential Canadian franchisees. Close deals in West Germany and Hong Kong.
Fuddruckers [illegible]	32	[illegible]	Canada	Committed to opening units in the UK and one in West Germany in the next 3 years. Negotiating with a Japanese franchisee.
Gadgets Cafe [illegible]	3	[illegible]	None	Negotiating agreement in Europe [illegible]
Ginn's East of Chicago [illegible]	3	[illegible]	Australia	[illegible] in Australia
Godfather's Pizza [illegible] Mesa, CA	921	[illegible]	Canada	Expansion in Canada probable. Overseas expansion is long term only.
Hardee's [illegible]	2209	[illegible]	Saudi Arabia, Kuwait, Spain, Central America	Increase unit concentration in Far East, Middle East, and Central America.
Hungry Tiger [illegible]	47	[illegible]	Japan	Open 3 restaurants in Japan next year, [illegible] years.
International Dairy Queen Minneapolis, MN	4884	[illegible]	Panama, Canada, Japan, Australia, Bahrain, Saudi Arabia, United Arab Emirates, Trinidad	Concentrating on Far East. Soon to enter Taiwan, Korea and Thailand.
Kentucky Fried Chicken [illegible]	6125	[illegible]	47 countries including Japan, UK, South Africa, Australia, and other countries in Asia, West Europe, Middle East, Caribbean, Latin America, South Pacific	Add 900 international units over next 5 years. Enter 17 European countries, South Pacific, and Latin America. Continue aggressive expansion in Japan, UK, South Korea, South Africa, and Australia.
McDonald's [illegible]	7819	[illegible]	34 countries including Japan, Canada, West Germany, UK, Australia, Taiwan, Venezuela	Add 175-200 international units each year. Taiwan and Venezuela newly opened. Negotiations underway in Italy, South Korea, People's Republic of China, and Colombia.

[illegible]



Bicycles line entranceway of a Kentucky Fried Chicken unit in Holland.

testing (See sidebar). Whitbred is moving quickly with the Pizza Hut concept and several brewers have introduced Houlihan's style operations with names like The Vermont Exchange and the Rhode Island Diner.

Europe indeed may be the next hot market for Mexican food according to market research being done for Chi-Chi's. Jack Butorac, vice president of systems and administration, says that the company has had market research personnel in place in Brussels for six to nine months. "The company is very happy with the results," says Butorac who adds that research is also being done in Asian markets. "We are very confident we can go international beyond Canada," affirms Butorac.

In France, California-type, multi-unit theme restaurants with light garden like decor and innovative but medium priced menus are popping up with increasing frequency. One example is Stefany a concept created by the Hippopotamus steak chain group; another four-unit chain created by an independent restaurateur is called L'Amanguier.

And, in Hamburg, West Germany, an Old Spaghetti Factory unit was opened this year in a busy restaurant district that has several traditional Italian restaurants and a German steak house chain unit already. Says Gus Dussin, OSF's president, "the biggest thing we have going for us is that we are an American concept."

France leads all of Europe in the creation of home grown fast food formulas, and some of the most successful are beginning to provide some worthy competition for American fast food giants. Freetime, a chain featuring hamburger, steak and ham sandwiches with French trimmings, now has the enormous resources of Accor, the world's ninth largest hotel company, and Europe's biggest advertising agency, behind it. Well accepted in France, the units feature indoor and sidewalk seating for about 150 and a marriage of American technology and French taste. The company should have 30 units by the end of '84 and 50 by 1986.

According to a French trade magazine, a full 40 percent of the fast food market in France is earned by Louis Le Duff Enterprises with its Brioche Doree concept. The pastry and croissant sandwich formula done in the U.S. and Canada several years ago under the name Paris Croissant. According to LeDuff there will be 25 stores in North America and two baking factories by the end of 1985. In Europe, Broche Doree is expanding rapidly with 70 stores and 35 restaurants in France, Belgium, Holland, and England as of the end of '83.

Spain too, has an unusual and successful formula which should begin to take off in the near future. Sigla S.A., based in Madrid, was a super- market giant until it sold off its grocery stores to concentrate on foodservice. Today, it has a chain of eight family restaurants connected with drugstores. The restaurants called VIPS attract patrons, and placement of drugstore displays at the entry to the operation encourages impulse buying. The group also has six restaurants and steadily increasing sales, up 40 percent last year over the previous year.

Overall, U.S. foodservice industry executives now see a sunnier future worldwide than in the past several years. In general, recovery of the domestic fast food industry and stabilizing of world economies are behind the change in climate. The forces behind the optimism for specific markets are as varied as the cultures and people of the world.

The Major Chains' Foreign Markets

Company/Headquarters	Total Units	Total outside US	Countries with units in operation or under construction	International Market Priorities
Mr. Donut (International Multifoods) Minneapolis, MN	4000	480	Japan, (units sold to Japanese franchisee), Canada, South Korea, Thailand, Philippines, Puerto Rico, Singapore, Kuwait, France, Panama, Taiwan, Saudi Arabia, Indonesia	Debut new concept in Japan in early '85. Enter Brazil, Venezuela in '85, 10-15 units in 2 or 3 years. Concentrate first on Asia, then Middle East, South and Central America, Europe.
Old Spaghetti Factory (OSF International, Inc.) Portland, OR	21	3	Japan, West Germany	Begin aggressive expansion in Japan and slow growth in Germany.
Pizza Hut & Taco Bell (Pepsi Co.) Wichita, KS	4300	340	Europe, UK, Japan, Asia, Australia	Increase number of non-US units to 425 by year end. Concentrate development in Germany, Canada, and Japan. Enter Belgium and Luxemburg.
Pizza Inn Dallas, TX	750	14	Japan, Philippines, Kuwait, Hong Kong, South Africa, Mexico, Guam	This year enter Europe, Korea and Thailand. Re-enter Japan with new concept. Long term expansion in Asia and Middle East.
Pizza Pronto Sarasota, FL	23	0	None	Master licensee in Canada has right to develop 150 units over 10 years. Expect 5 open by year end.
Pizza Time Theater Sunnyvale, CA	268	11	France, Canada, Puerto Rico, Hong Kong, Singapore, Australia	Open in Taiwan this year. Continue slow growth with select franchisees in almost any foreign market. Negotiations in Middle East and Central America.
Red Lobster (General Mills) Orlando, FL	367	4	Japan, Canada	Testing international market, no priorities set yet.
Shakey's San Francisco, CA	453	101	Japan, Philippines, Taiwan, Guam, Singapore, Malaysia, Indonesia, Hong Kong, Thailand, Mexico, Brunei, Saudi Arabia	Open in South Korea this year or next. Expand into Kuwait, Dubai, United Arab Emirates. International division separately owned.
Subway Sandwiches and Salads Milford, CT	360	1	Bahrain	Open in Puerto Rico by 1/85, 3 units in next year. One more in Bahrain and expand to Saudi Arabia and Japan in long term. Enter Europe, possibly Belguim first.
Swenson's Ice Cream Phoenix, AZ	384	67	Kuwait, Hong Kong, Japan, Mexico, Saudi Arabia, Singapore	Newly formed Australian subsidiary to develop rapidly in that country. Expand to 95 international units by year end.
Taco Time Eugene, OR	212	25	Canada, Venezuela	Concentrating on Domestic expansion.
Wendy's Dublin, OH	2877	169	12 countries, including: Australia, Canada, Italy, Japan, Malaysia, UK, West Germany	Aggressive expansion in Europe and Asia. Soon to enter Mexico.
Winchell's Donut House La Mirada, CA	859	32	Philippines, Japan, South Korea, Guam	Concentrate on existing markets only.

**Indicates most unit figures are as of 6/84 or most recent quarter available*

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DECEMBER 10, 1984

THE PRESIDENTS' FORECAST 1985

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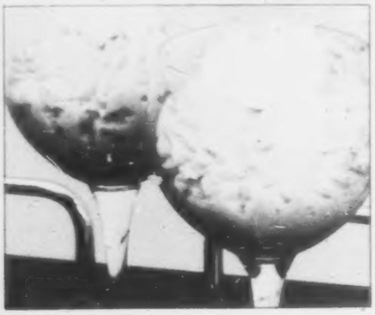

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Cover photo by Dan Wynn. Participants in the Presidents' Forecast Roundtable are (back row, l-r): Peter Hothorn, Inter-Continental; Lou Neeb, W.R. Grace; Max Pine, Restaurant Associates; (middle row, l-r): Ed Johnson, Grandy's; John Metz, Custom Management; Bob Rosenberg, Dunkin' Donuts; Spruill Bunn, Hardee's; John Cauley, Friendly's; (front row, l-r): Fred Rufe, Hilton Int'l; Art Gunther, Pizza Hut.

Market Segment Report

Italian market grows with fresh approach to pasta

by Jacque White Kochak

Pasta has possibilities, [illegible] cans have found. They're buying pasta machines to produce fettucine and linguine at home, and learning to distinguish between ziti and fusilli. Pasta is shedding its reputation as "fattening," and gaining popularity with the health conscious who seek to emulate athletes who consume pasta for its high complete carbohydrate content.

As a result, Italian restaurants are receiving fresh attention. The old favorites–restaurants in Italian enclaves from Little Italy in New York City to the North End in Boston to The Hill in St. Louis–continue to thrive, but at the same time a new breed of Italian restaurant is expanding. These restaurants capturing a market between fine dining and low-priced "spaghetti houses" frequently serve freshly made pasta, often prepared in view of the public, at moderate prices. Offering streamlined menus and a good price/value perception to customers with relatively low food costs, these restaurants seek the kind of expansion heretofore unknown in the Italian segment. Until now, Italian restaurants have been overwhelmingly single unit operations, usually with an Italian chef in the kitchen, but that is changing as entrepreneurs develop techniques to duplicate the tastes of Italian cooking for chain consumption.

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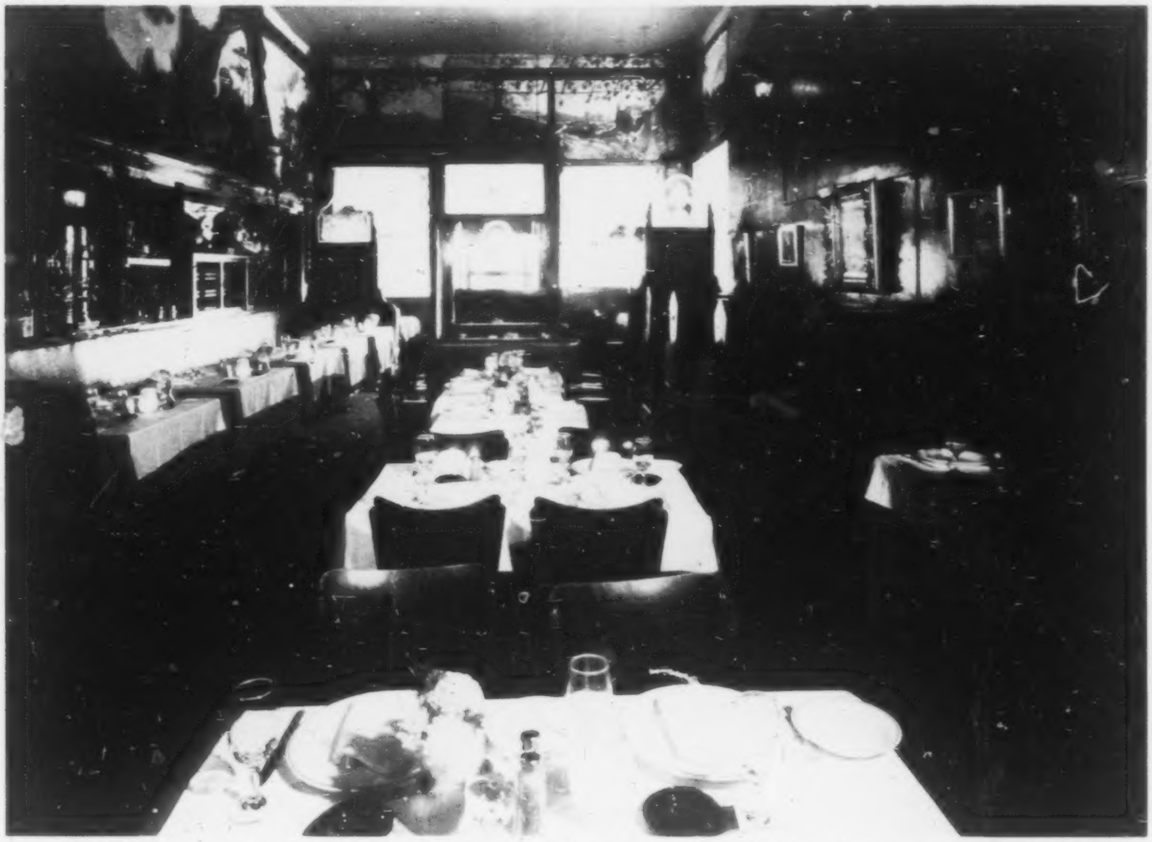

Based in Los Angeles, Spectrum Foods' Chianti has been serving classic Northern Italian cuisine since 1938.

Italian *continued from page 105*

Prego specializes in handmade pizzas cooked in a wood-burning brick oven

Larger companies watch the development with interest, and ask why there can't be a nationwide mid-priced Italian chain like the Mexican Chi-Chi's. California-based Josephina's, an 11-unit chain serving pasta and pizza, was acquired this year by giant Collins Foods after a deal with Long John Silver's fell through. Reportedly, several other large companies are shopping around for just the right concept to expand.

At the upper end of the segment, Italian restaurants have taken on a new stylishness. From New York to Phoenix to San Francisco, they are responding to the same trends as other upscale restaurants: emphasis on the freshest possible ingredients, utilization of more seafood, use of lighter sauces, and use of Italian recipes as a jumping-off point for unusual creations.

At the same time, upscale Italian restaurants are looking to the past. They are returning to traditional ways of cooking such as wood burning brick ovens, and using traditional recipes from different regions of Italy.

Though the hearty red sauces of Southern Italy will always be popular, "Northern Italian" cooking is now fashionable. The name is a misnomer, however, as one operator points out. "Northern Italy is divided into various regions, and each has a distinctive style of cooking," he notes.

Fast food Italian cooking is still a rarity because of the difficulty of holding pasta and possibly because of customer resistance. Fast Italian food does exist, however, and when done well has flourished.

Despite the unquestioned popularity of Italian food, both Mexican and Oriental restaurants, the two most popular ethnic cuisines, outnumber Italian restaurants almost three to one. There are only 4,054 Italian restaurants in the country, according to Restaurant Consulting Group's RE-COUNT study, while there are 11,352 Mexican restaurants and 11,369 Oriental restaurants. (Note: There is separate breakout for the pizza segment which has a total of 29,264 restaurants).

Not surprisingly, Italian restaurants are concentrated in areas with large Italian populations. The largest number—1,020, or 2.3 percent of total restaurants are found in the Middle Atlantic region of New York, New Jersey and Pennsylvania. New England had the next largest percentage—2.2 percent of all restaurants, or 348, are Italian. You'll be least likely to find an Italian restaurant in the East/South Central region, where only 84 restaurants, or 0.6 percent of the total serve Italian cuisine.

Mid-price restaurants

At this point, L.A.-based Josephina's plans the most aggressive expansion, thanks to the infusion of capital from Collins Foods. There are now 11 Josephina's (10 in Southern California, one in Denver), and 10 more units are planned to open over the next 12 months. Six will be in Southern California, four in Denver, says David Sidell, president. "The first 15-18 units will open in California and Colorado before the company expands nationwide," he adds.

"We're not looking for a mass market," Sidell says. "We couldn't have 1,000 Josephina's around the country, but we could have several hundred."

"Unit sales range from $1.3 million to $2.5 million, with a Simi Valley franchisee posting sales of $3 million," Sidell points out.

Josephina's started 10 years ago serving mainly deep-dish Chicago-style pizza. Today, pizza generates only 40 percent of sales, and fresh pasta dishes range in price from $6.95 to $8.95, and include seafood marinara with linguine and primavera with pesto sauce. The highest priced entree is scampi for $13.95. Units also feature a pasta buffet with eight to 10 fresh cold pasta salads.

Josephina's decor is light, bright, and fresh, unlike the dark interiors often associated with Italian restaurants. Brass, stained glass, and green plants predominate. Furniture is white metal bentwood and rattan, and the restaurants are multi-leveled to break up space.

Among other moderately priced pasta restaurants plotting expansion are St. Louis' Pasta House Company, New Jersey's Pastabilities, Minneapolis' Ciatti's, Phoenix's Pasta Segio, Atlanta's Joe Rigatoni, and Louisville's Mamma Grisanti's. More mature chains that have

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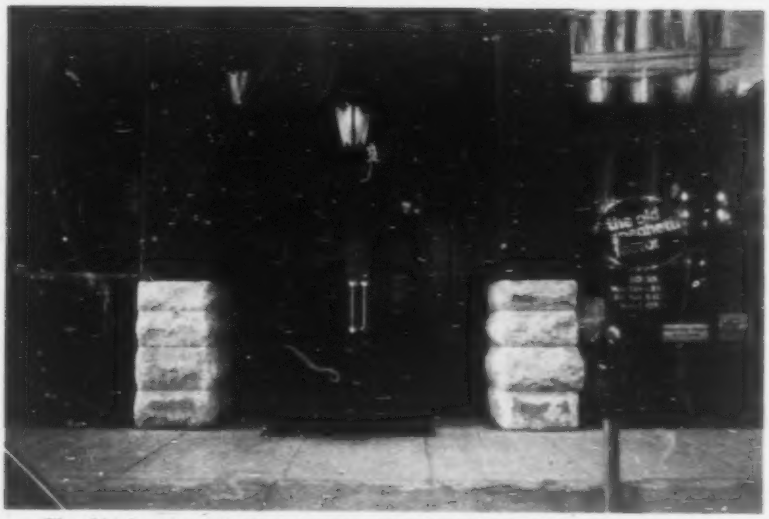

The Old Spaghetti Factory features spaghetti plus made-on-premise pasta.

carved a place for themselves serving spaghetti include Portland, Oregon-based Old Spaghetti Factory International (OSF International) and Dallas-based Spaghetti Importing & Warehouse Company.

At this point, St. Louis' Pasta House Company is one of the larger pasta chains, with 10 company and nine franchised units scattered mainly around the neighborhoods of St. Louis. Units average about $1 million in annual sales.

The restaurants serve a menu ranging from pasta with broccoli to tortellini in a cream sauce with cheese and vegetables. Prices are moderate (in the $4-$5 range), and the average check is $4 at lunch; $7.50 at dinner. Decor varies from unit to unit, but the feel is open and contemporary.

Partners John Ferrara, J. Kim Tucci, and Joe Fresta have devoted considerable attention to developing a system for duplication of fine meals on a chain basis. Orders are expected to be served within 10 minutes. Pasta is pre-cooked, three-quarters of the way to al dente at the beginning of the day, then held in cold water. Orders are filled by completely cooking each portion and finishing it with sauces prepared to order from homemade tomato and cream bases which are also prepared in advance. The company also uses "butter balls" composed of butter and spices, shaped, chilled and added to pasta as called for in various recipes.

At Pastabilities in Morristown, New Jersey, orders are delivered in [illegible] minutes with an equally streamlined system. Pasta is pre-portioned and pre-weighed, and orders are individually prepared in steam-jacketed kettles fitted with baskets for individual orders. Computerized timers, one for each basket, keep track of times. Cooked pasta is passed down the line, where it is placed in colanders and hosed down with boiling water to remove starch. Next on the line is the saucing station, where six sauces are held on a steam table that also holds meatballs, braciola, cavatelli en broccoli, and sauces for pollo al limone and vitello Domenico.

This Pastabilities is the second unit to open, but the first–a mall unit in Short Hills, N.J.–closed, and the Morristown unit will serve as a prototype for expansion, according to president Tony Bastardi. Bastardi says he found that mall hours were too limiting, and the unit's size (96 seats) was too small to justify the fixed kitchen overhead. The new unit also offers a full drink menu, unlike the first. The Morristown unit should gross $2 million in 1984, Bastardi says.

At Pastabilities, a pasta chef in full regalia makes fresh pasta in a display area. The customer can mix and match six fresh pastas and six sauces to make a variety of moderately priced entrees. The menu also offers traditional favorites such as ravioli, manicotti, lasagna, and eggplant parmigiana. Prices range from $4.50 for pasta with marinara sauce and a salad to $8.50 for vitello Domenico, served with salad and pasta. Average check runs $11 with liquor.

Pastabilities began as a growth

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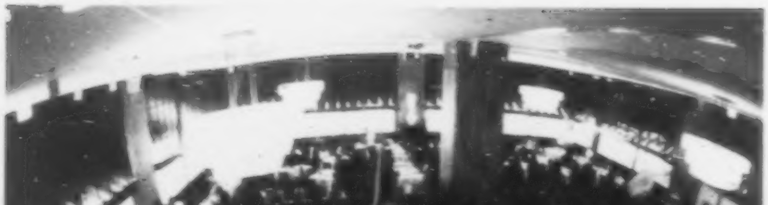

Avanzare uses Northern Italian recipes as a base for inventive items.

Pop's utilizes a wood-burning brick oven and mesquite grill.

Pop's in Phoenix offers a wide selection of unusual entrees.

and diversification project for Celentano, a Northeastern producer of frozen Italian food. It quickly became apparent the project would require specialized skills and management, so Bastardi, then project chairman, licensed the name and developed the concept on his own. Because of its link with Celentano, baked pastas and several sauces are prepared at the Celentano facility and delivered to Pastabilities daily.

Two more Pastabilities will open in the next six to eight months, in Clifton and Parsippany, New Jersey. Long range plans call for opening five company-owned units to serve as a basis for a national franchising network. The company made a public stock offering last year to finance expansion.

At Ciatti's in Minneapolis, everything is made on-premise, from breads to pastas to sauces to pastries. The pasta, however, is made in the kitchen rather than in a display area. The menu offers a number of Northern and Southern Italian sauces, pastas, and several veal, chicken, and seafood dishes, plus two homemade soups (minestrone and tortellini y brodo). Phil Danford, vice president of operations and originator of the concept, notes that items with lighter white sauces are the most popular.

"The old favorites are still an important part of the menu, but as people get to know Italian food they try other dishes, and more white sauces," he says. "Tortellini a la panna, paglia e fieno ("straw and hay") and pasta primavera (fettucine with fresh vegetables) are among our most popular entrees."

The restaurant opened over two years ago. There are now two units, with another 230-seat unit under construction in Madison, Wisconsin, and a fourth site to open in August in an undisclosed city. Two more units will open next year.

The first franchised Ciatti's opened in last December in Oklahoma City. Franchisee Don Stelli is known for having compiled the operations package for the first Chi-Chi's, and Danford says he anticipates further franchising.

The first Ciatti's grosses $1.5 million a year. Prices are moderate ranging from $4.55 to $7.95 for a full dinner. Average check is around $9.

Pasta Segio's in Phoenix serves a similar menu, though pastas are not made on-premise.

The menu is 75 percent pasta, with six baked pasta entrees (manicotti, tortellini, ravioli, lasagna, cannelloni, and rigatoni with fresh sauteed vegetables) and four specials nightly. "We stress pasta, and pasta accounts for 50 percent of our sales, but we have diversified the menu because if people eat here four or five times they want something different," says co-owner Anthony Curella.

At Pasta Segio, entrees range in price from $5.95 to $10.95, with specials ranging in price from $10.95 to $12.95. Average dinner check is $10; lunch, $5.

The original Pasta Segio's is a sim-

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ple operation with a pared down kitchen and only 68 seats. Nevertheless, sales are expected to reach $450,000 this year. A second unit just opened in Tempe, Arizona, and Curella anticipates that two more units will open in the Phoenix area next year.

Pasta Segio's atmosphere is "semi-elegant," says Curella. "We have linens, and waiters with aprons and bow-ties, but four people can have wine, appetizers, entree, and dessert for $40," he points out.

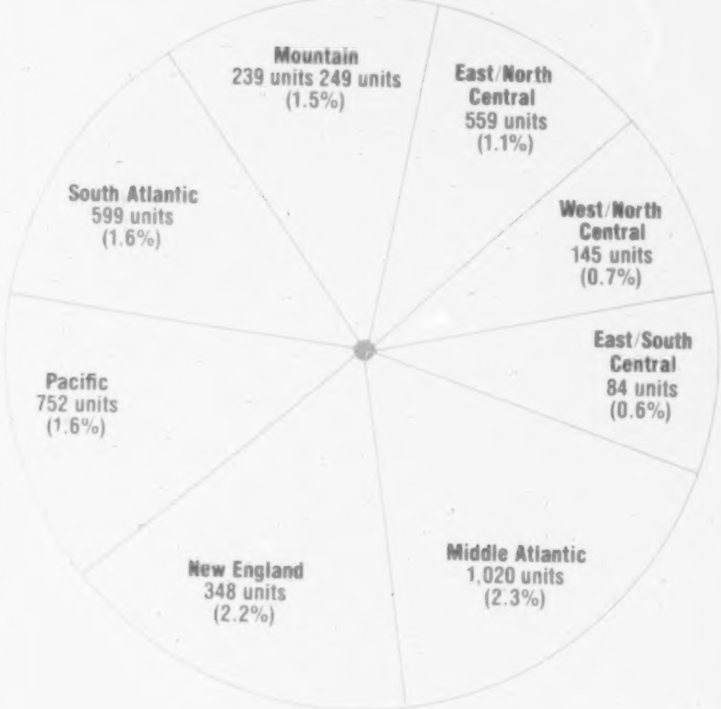
Joe Rigatoni's in Atlanta has been in operation for five years. Several units folded, and Bob Provissiero bought the first unit in bankruptcy. He revamped the concept and increased gross sales 30 percent in the first six months. Lunch business is now up 500 percent, and Provissiero projects 1984 sales of $1.3 million. Joe Rigatoni offers a more extensive menu with 11 appetizers, and several burgers and steaks. Price range is from $3.95 to $10.95, with an average check of $10.

One notable feature is the spaghetti bar. Customers order from seven different pastas, which are served from the kitchen. They then take plates of pasta to the bar, where they choose from eight sauces. The bar costs $6.95 (including salad) and accounts for 30 percent of sales.

Joe Rigatoni is also distinguished by its decor, more elegant than similar concepts. Three dining areas each have their own character, from casual to elegant.

Occupying a slightly different niche are Portland, Oregon-based Old Spaghetti Factory International and Dallas-based Old Spaghetti Importing & Warehouse Company. Both are older, more established companies. OSF International was founded in 1969 and is now 21 units strong (with three units in Germany and Japan), and the Old Spaghetti Importing & Warehouse Company was founded in 1972 and now has eight units. OSF International expansion has been on hold pending completion of a new restaurant and office complex in Portland, but the Old Spaghetti Warehouse will open one unit next year. Limited franchising is under consideration.

U.S. Italian Restaurants



4,054 total U.S. units
(1.4% of total U.S. Restaurants)
Source: Restaurant Consulting Group
RE-COUNT, Spring 1983

Both chains are similar in concept. The OSF International menu was originally all spaghetti, but a year and a half ago made-on-premise pastas were added. The menu now includes such entrees as fettucine Constantine, a spinach fettucine topped with a cream-based cheese sauce.

Old Spaghetti Warehouse continues to offer its menu of 11 different spaghetti entrees, plus Italian specialties including a 15 layer baked lasagna. The menu has not changed significantly since the chain's inception, according to Bob Gilka, director of advertising and marketing for the company.

Both spaghetti concepts have lower check averages than the up-and-coming pasta houses. Check average at Old Spaghetti Warehouse is $6.50 for dinner without drinks, and $5.25 at OSF International.

Spaghetti is perennially popular, and average unit volume at both concepts ranges from $1.3 million to $1.5 million.

Upscale restaurants

Among upscale restaurants, fresh pasta has often been a staple. There is no move to expand an upscale Italian restaurant to any great extent, because fine Italian cooking requires considerable skill and talent.

Long-time favorites such as New York City's mammoth Mamma Leone's (seating 1,000 and catering to tourists) continue their popularity, but you'd be hard put to discover lasagna on the menu of some of the newer Italian concepts.

One example is Chicago's Avanzare which is associated with but not actually a part of the innovative Let-

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tuce Entertain You Enterprises. The elegant restaurant commands an average check of $25 per person. Operating partner is Marvin Magid, who says, "We don't claim that every item we serve is actually cooked in some restaurant in Northern Italy. We try to give a feel for what is eaten there. We are inventive. We take Northern Italian recipes and mix them in a way not ordinarily seen."

That can mean carpaccio (thin slices of beef) with a tomato vinaigrette sauce instead of the more common beef sauce, for instance.

"We don't forget that Italian food is simply prepared," Magid notes. "The best is completely fresh, with two or three different flavors running through it."

Also using Italian recipes as an inspiration but moving beyond is Allegro in Waltham, Massachusetts. Near Boston, the restaurant draws from the city's affluent suburbs. Chef/owner Jim Burke changes the menu every three weeks. One night, the menu might include sauteed duck with balsamic vinegar, honey and thyme; and a partridge dish with fresh chanterelle mushrooms.

Burke also operates Pasta by Allegro, a company that sells pasta to other Boston restaurants. Unusual variations include chestnut pasta, made with chestnut flour; wild rice pasta, for which he mills wild rice himself; and pumpkin pasta. Pastas are incorporated into such entrees as pumpkin tagliatelle with fresh cape scallops, butternut squash, nutmeg, and parmesan cheese.

Burke's innovative touch is not limited to pasta. He makes a prosciutto of lamb, adapting the traditional method of curing meat to lamb leg instead of pork leg. He serves loin of venison with chestnut fettucine, and rabbit ravioli or tortellini of rabbit. Very popular is risotto sausage. Italy's traditional saffron-flavored rice dish is incorporated into a sausage and served with grilled veal sirloin steak.

This innovation isn't inexpensive. Allegro's average check is $40 per person for dining in a casual, cafe-type atmosphere.

Restaurants that are returning to the roots of Italian cooking–seeking out authentic regional recipes and styles of preparation–include those operated by Los Angeles' trendsetting Spectrum Foods. Spectrum's restaurants include L.A.'s classic Chianti, serving Northern Italian cooking since 1938 with French service and waiters in tuxedos; two Prego restaurants, specializing in handmade pizzas cooked in a wood-burning brick oven, fresh pasta, and mesquite-grilled foods; Ciao, a small trattoria in San Francisco serving fresh pasta and mesquite-grilled foods; and Harry's Bar & American Grill, a duplicate of the Florence establishment made famous by author Ernest Hemingway.

"We make food the way it has been made in Italy for hundreds of years," says Spectrum president Larry Mindel. All the concepts boast average unit volumes in the $3 million range, with average checks of about $18 per person at dinner.

Spectrum's newest addition is Chianti Cucina, a dining area that is literally in Chianti's kitchen. "One of my favorite things when I go to Italy is being invited to eat in the kitchen at a restaurant," says Mindel. "Last year, we found that Chianti needed a new kitchen, so we moved the kitchen next door and made it large enough to include tables and chairs."

Even the marble baker's table seats customers when not in use. The kitchen has a marble floor, with gleaming white tile everywhere and drying pasta on racks in the background. The kitchen, which seats 40, includes a delicatessen display case, a new rotisserie over the mesquite charcoal grill, and bins for storage of some 2,000 bottles of wine.

The idea of dining in the kitchen is so popular that customers must make reservations two weeks in advance. The kitchen serves Chianti's regular menu plus about 10 chef's specials. Average check is $20 per person, compared to Chianti's $25.

Phoenix's Pop's, operated by Big 4 Restaurants, is also returning to the basics of Italian cooking. "We try to offer a wide selection of entrees that are not that widely known," says Norman Hoffman, part of a team of three corporate chefs. "Sometimes, we interpret the recipes in an American way."

Pop's also utilizes a wood-burning brick oven and mesquite grill. The concept was influenced by other restaurants around the country, particularly in California. Big 4 spent $40,000 on food research and development.

Typical menu selections include a mesquite-grilled duck with a reduced sauce of duck stock and sherry, fresh plum tomatoes, fresh basil grown on-premise, and poached gar-

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There are 11 spaghetti entrees available at the Old Spaghetti Warehouse.

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Italian *continued from page 118*

At Pastabilities, customers mix and match six pastas and sauces.

lic cloves. A popular appetizer is bagna cuada, an anchovy-garlic dip served warm with assorted fresh vegetables.

All pastas are made on-premise. Popular selections include angel hair pasta with cream, vodka, smoked salmon, fresh herbs and American golden caviar for $10.95; fettucine with four cheeses, spinach, cream and fresh basil for $7.95; and seafood linguine with shrimp, lobster, and scallops for $11.95.

Price range is from $6.95 to $11.95 for pastas and from $4.25 to $14 for specials, says Hoffman. Average check for dinner is $16, and Pop's gross annual volume this year should approach $3 million. Big 4 is looking for sites to open more Pop's in Texas and San Diego.

Franco's Ristorante y Pastaria in Boulder, Colorado, is an example of a restaurant that originally served primarily pasta but gradually added more selections as customer sophistication increased. Located in the Hotel Boulderado and part of a company called Concept Restaurants, Franco's seats 120 and offers a price range from $6.25 to $14.95. Average check without drinks is $9.

A pasta bar originally accounted for 60 percent of sales, but that has dropped to 40 percent, says Jeff Brown, operations manager for Concept Restaurants. The self-service pasta bar is still popular, however. The bar includes four standard sauces (Alfredo, marinara, Bolognese, and red clam) as well as two sauces of the day from a selection of about 15, including mushroom, veal, Romano white clam, prosciutto, and chicken cacciatore.

With the widening of entree selections annual sales have grown 25 to 30 percent over the last year, says Brown. New selections include chicken saltimbocca, veal marsala, and shrimp imperia (sauteed shrimp with white wine and herbs over linguine in a light cream, shrimp, and avocado sauce).

Like some of the other concepts Franco's features a display kitchen where pastas and salads are made.

Casa Grisanti in Louisville is an example of a classic Italian restaurant that has been open for many years but retains its freshness. Northern Italian cuisine is served in a contemporary atmosphere. In the main dining room, one wall is solid brass, with the others being sisal. Art shows hang on the sisal walls, and all food is prepared tableside so shadows of the flames dance on the brass wall.

Part of the reason Casa Grisanti 'remains current' is that the menu changes every three months. Co-owner Michael Grisanti notes that 40 percent of his customers don't even look at the menu; they just ask the waiter. They can even ask the chef to prepare a dish they've tried somewhere else, if they can describe it.

Popular selections include panzarotti di mare; homemade ravioli filled with shrimp, herbs, and pine nuts and served with a very delicate sauce made of butter and crushed pine nuts; veal Gabriele, milk-fed veal sauteed and simmered in white wine and veal stock with fresh honeydew melon, cantaloupe, and capers; and hazelnut soufflé, a hot dessert souffle with chopped hazelnuts, flamed at the table.

Casa Grisanti's prices range from $11.95 to $16.95, with the average dinner check between $30 and $35 with liquor.

Grisanti also operates a mid-priced Italian concept called Mamma Grisanti's. With one unit in Louisville and one in Bloomington, Indiana, the concept is slated for expansion.

Italian fast food

There have been plenty of Italian fast food restaurants, with names like "Reddy Spaghetti," that have flopped. One that has succeeded is Kansas City's V's Pasta Parlor, with three units (one downtown and two in regional malls).

V's serves eight different pastas with three different sauces, as well as two sandwiches, pizza bread, and salads. Owner Vince Totta keeps his preparation system a secret, but says that it is based on custom equipment and a unique arrangement. He notes that the big obstacle to serving fast food pasta is the short holding time of pasta. "You have a lot of waste if you over produce pasta," he says. "We cater to people with 30 minute lunch breaks, and have no waste."

Price range is from $1.79 to $2.99, with an average check of about $3, says Totta. Units averaged annual sales of about $250,000 last year. Totta notes that an improving economy has boosted its popularity. "A couple of years ago I tried to promote pasta as low calorie and nutritious, but people didn't believe me," he says. "It was like trying to tell somebody that red is blue. But now people see pasta as a low-calorie, low-fat, high carbohydrate, high energy food."

A BILL PUBLICATION FAST FOOD

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Market Segment Report

Broader menus spice up chicken sales

by Tom Strenk

Chicken seems to have almost universal appeal. Today more than ever chicken is perceived as lighter, leaner, and more nutritious than red meat. For the operator, chicken has a relatively low food cost, is stable in price, readily available, and incredibly versatile.

"We definitely see a shift towards more chicken being used in foodservice," says Bill Roenigk, director of economic research for the National Broiler Council. Today, 35 percent of broiler production tonnage is destined for away-from-home use; five years ago the figure was less than 30 percent.

Restaurants specializing in chicken are common at the fast food level, but rare in the full service segment. Zehnder's of Frankenmuth, Michigan, is an exception. It is the seventh largest independent restaurant in the country, serving approximately 850,000 customers annually. Chicken accounts for an amazing 75 percent of sales; Zehnder's serves as many as 1,200 chickens a day. The most popular item is Frankenmuth Fried Chicken with Mother's dressing, a registered trademark. It is priced at $8.45 a plate or as an all-you-can-eat dinner for $8.95. Executive chef John Zehnder believes that $9 is a ceiling for their chicken dish because customers see the low price of chicken in the supermarket and resist higher restaurant prices.

Poultry prices are generally stable. Last year's avian flu did drive up wholesale prices a few cents but that rise was short lived and more psychological than real. The average wholesale price for broilers in 1984 was 55 cents a pound. There was a four percent tonnage increase in production during the year; 1985 may see a seven percent increase.

Roenigk predicts growth in production and marketing of boneless products, patties, strips and nuggets. Indeed, the phenomenal growth of McNuggets, accounting for eight percent of sales and putting McDonald's into second place as the nation's seller of chicken. (Kentucky Fried Chicken is in first place), had more to do with broiler price fluctu-

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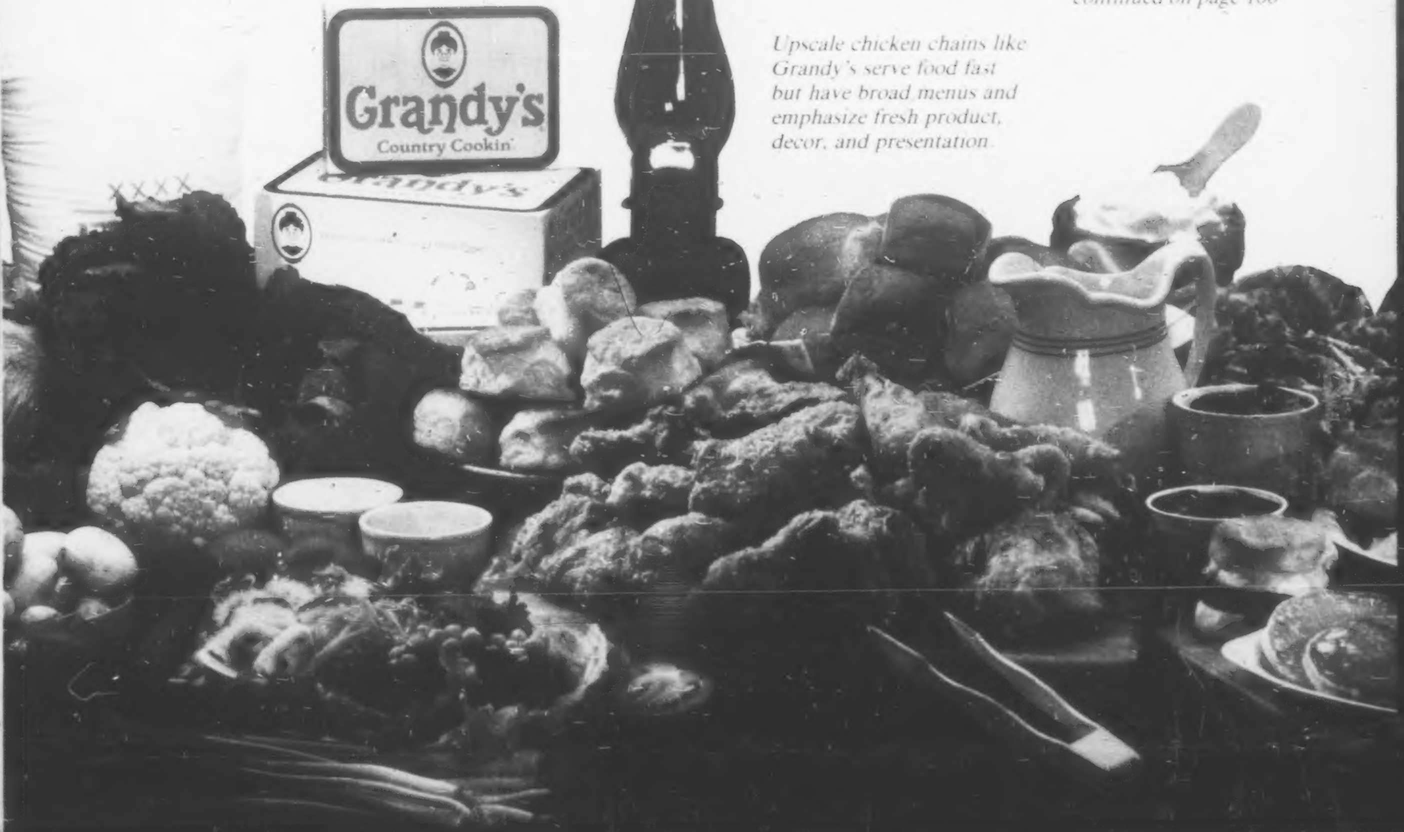

Upscale chicken chains like Grandy's serve food fast but have broad menus and emphasize fresh product, decor, and presentation.

Chicken *continued from page 97*

Top: *El Pollo Asado char-broils marinated chicken.*
Center: *Biscuit products account for 50 percent of Mrs. Winner's sales.*
Bottom: *KFC upgraded all company stores to a more contemporary image.*

ations last year than the avian flu. McDonald's is testing Chicken McSwiss, a patty product; and Wendy's is experimenting with chicken parmigiana.

All of the fast food hamburger chains offer a chicken alternative and are considering more. These developments have had their effect upon the chicken-based chains. Virtually all of the chicken chains have followed McDonald's lead with a nugget introduction. They are repositioning themselves in the market, upgrading decor and operations, broadening their menus and their appeal. The chicken market breaks out into four segments: major fast food chains, regional chains, upscale chicken restaurants, and the new char-broiled concepts.

Fast food

Unlike their hamburger counterparts, the major national fast food chicken chains are not battling a "chicken war." The market is nowhere near saturated and expansion activity is steady. Although take-out business is and will continue to form a major portion of sales, there is emphasis on attracting more dine-in business by adding to seating capacity and upgrading decor.

Menu additions are aimed at entering new dayparts, specifically snacks and breakfast. Nuggets are gold. KFC has rolled out Kentucky nuggets chainwide; where supported by, advertising, this product accounts for 12 to 14 percent of sales. Church's, Chick-fil-A, and Golden Skillet all now offer chicken nuggets. Biscuits are big too. They have not only proven popular with customers, adding incremental sales, but also provide a vehicle for breakfast items. In comparison with the upscale chicken restaurants, however, menu changes have been modest and

Golden Skillet
FRIED
CHICKEN

Brown's Chicken
Brown's Chicken

Top: *Pioneer says that 75 percent of sales are from take-out orders.* **Center:** *Solariums will add seats to some Golden Skillet units.* **Bottom:** *Brown's Chicken courts dine-in business.*

new items replaced poorly performing ones.

Kentucky Fried Chicken Corp. is the acknowledged leader in fast food fried chicken with a 50 percent share of the market. There are well over 6,000 company-owned and franchised units worldwide. KFC has ambitious expansion plans: the company's goal is to have some 7,800 units open by 1988. Parent company R.J. Reynolds committed $168 million to 1984 expansion, and similar sums will be expended for the next few years. Domestic expansion focuses on the East coast and the burgeoning Sunbelt.

Dine-in business comprises about 30 percent of sales. KFC wants to increase that percentage. New stores will seat 40 to 100, nearly double the capacity of older units. No more take-out-only stores will be built.

KFC is moving back to basics, believing that a limited menu is key to maintaining standards of quality. After some experimenting in the past, stores now serve only two kinds of chicken: original recipe and extra crispy. New Kentucky nuggets are 2/3-ounce deboned chicken, lightly breaded and fried. They are served with a selection of four dipping sauces. Made-from-scratch buttermilk biscuits are a very successful menu addition. Unlike the dinner rolls which were often thrown away, buttermilk biscuits account for incremental sales of eight to nine percent.

Church's Fried Chicken also stresses simplicity of operation. Its Crispy Nuggets are not a menu addition; the product replaced liver and gizzards, items with more limited appeal. Crispy Nuggets are offered in spicy as well as regular flavors. Church's doesn't serve biscuits—the company wasn't in a product intro-

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Chicken *continued from page 101*

duction mode when biscuits became a trend. However, new president Rick Sherman has vowed to introduce two new products a year.

An upscale concept is not planned by Church's; a brief experiment with such an idea has been abandoned. But, in 1983, Church's acquired Ron's Krispy Fried Chicken chain for $7.5 million. All 74 units are in the Houston, Texas area; 17 Church's have subsequently been converted to the concept. The Ron's Krispy chain has an expanded menu, salad bar, and more seating than the average Church's. This provides Church's with a forum to test menu items. Ron's is now testing a pita-bread-based breakfast menu.

A new prototype mini-store was developed by Church's to supplement the standard 50-seat and 22-seat units. The take-out/drive-thru-only mini-store is 14 feet by 30 feet. Land, site, and building costs run about $250,000. The menu is limited to items that do not require frozen storage. Ten mini-stores are open; 15 are under construction. Church's is actively seeking sites, and envisions many uses: The mini-store is adaptable to mall applications and small, irregularly-shaped lots; and stores can enter marginal markets or efficiently fill out existing markets.

As of September, 1984, Church's operated 1,493 units; about 80 percent are company-owned. Church's franchising department has been reorganized and revitalized; in five years franchised units will balance company units. Growth will be fueled in part by acquiring small chains. In 1985, Church's will open 100 to 120 new units. Inner city locations form the heart of the chain's customer base, but now Church's is evolving out to the suburbs. Marketing efforts are being stepped up; advertising expenditures may top $22 million this year.

Popeyes Famous Fried Chicken & Biscuits is the Jefferson, Louisiana-based chain that began the spicy chicken trend 13 year ago. The chain was founded by Al Copeland in 1972 with a tiny outlet in Arabi, Louisiana. With one of the highest average per unit volumes of any major chicken chain, Popeyes catapulted into the number three slot in a very short time. Popeyes reported sales of $305 million in fiscal 1984 (ended October, 1984). Average unit volumes were $760,000 for the year. Checks averaged $3.90. Chicken accounts for 65 percent of sales, with take-out accounting for 75 percent of the total. At the end of 1984, Popeyes had a total of 575 units, 480 franchised and 95 company-owned. This year Popeyes will fill out its markets with 125 franchised units and 10 company stores.

As indicated by its name, Popeyes Famous Chicken & Biscuits places biscuits prominently on its menu. Biscuits were rolled out two years ago and account for about 25 percent of sales. In keeping with its Louisiana origins, the chain has been testing red beans and rice; that product is being rolled out in some regions and will soon go national.

Chick-fil-A introduced chicken nuggets way back in 1982 but hasn't placed emphasis on the product. Chick-fil-A differs from other major chains in that its primary menu item is a boneless breast of chicken sandwich rather than parts. Another menu departure is hearty breast of chicken soup. Chick-fil-A's check average is $2.37, up slightly over 1983. Stores average annual sales of $510,000. 1984 sales were reported near $155 million. At the close of 1984, 305 units were in operation in 31 states. In 1985 Chick-fil-A will open 30-35 units and will continue that rate of expansion for the next decade. Chick-fil-A also differs in that all but three units are mall locations. Stores are tailored to fit individual sites, with emphasis on installing as much seating capacity as possible.

Chick-fil-A has embarked upon a $2 million renovation and remodeling project. Some units will receive a minor facelift with new wallpaper and wall decor, costing $5,000 each. The familiar red and white color scheme will be phased out in favor of more contemporary earth tones. Many units were built before 1974; these older stores will undergo major remodeling, costing $50,000 per unit. In total, 95 units will sport the new look by the end of this year.

Founded in 1963 by Clifton Guthrie, Golden Skillet International, Inc., was acquired by International Dairy Queen in 1981. The chain is international in scope with 92 units in the U.S., 15 in Puerto Rico, two in Trinidad, and 19 in Japan. The company does plan to expand but would

Chick-fil-A's menu star is a boneless breast filet of chicken served on a hot buttered bun with pickles.

not quantify those plans. "We don't want to lock ourselves into numbers," says executive vice president Charles Cocotas.

Golden Skillet is in the process of upgrading. Drive-thrus will be added. A solarium addition will expand seating capacity in some units.

A nugget product was rolled out late last year, and more condiments may be added to Golden Skillet's popular chicken sandwich.

Upscale chicken

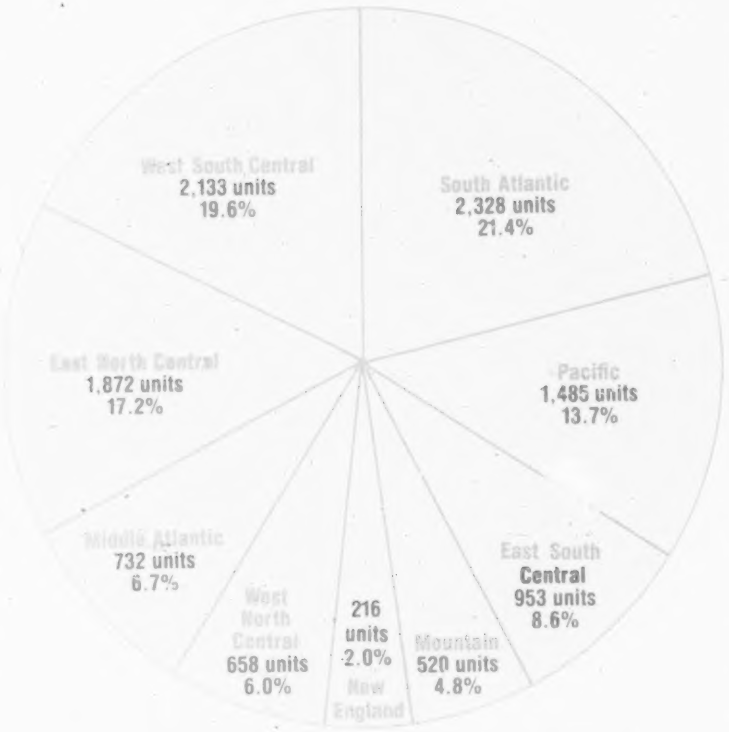
Upscale chicken restaurants are the country cousins of the fast food chains. Actually there is a very fine line of distinction between them and as fast food evolves, that distinction blurs. The upscale chains give quick service—as fast as fast food—but they have broader menus and place greater emphasis on fresh product, decor, and presentation. Ed Johnson, president of Grandy's, sees the upscale chains as a bridge between fast food and coffee shops and dinner houses. Check averages are roughly the same as fast food, but upscale restaurants do slightly higher sales volumes. With their extra seats, the upscale restaurants cost more to build.

Whereas the fast food chains keep menus limited, the upscale chains are constantly testing and rolling out new items. For example, Sisters has an extensive salad bar, a baked potato bar, and a make-it-yourself sundae bar. While chicken accounts for the major portion of fast food sales, it is only about 20 percent of upscale restaurant sales. Indeed, many of the upscale chains are moving away from the chicken store image—even to the point of removing the word from their name—towards a "country cooking" image. Biscuits are not an afterthought, but are the core of many upscale menus.

Upscale chicken restaurants offer more amenities. It is a sit-down dining experience, eating from a plate with knife and fork, not out of a box. Grandy's "grannies" function as goodwill ambassadors, tending to the needs of customers. Bojangles' busses tables so that there are no unsightly trash receptacles in the dining room.

South dominates chicken market

Two regions, the South Atlantic and West South Central, account for over 40 percent of total chicken restaurants. That is not to discount the East North Central region which represents 17.2 percent.



Percentages represent distribution of chicken-oriented restaurants by Census regions. There are 10,879 chicken restaurants in the U.S.—3.6 percent of total U.S. restaurants. Source: Restaurant Consulting Group, RECOUNT, Spring 1984

Bojangles' Famous Chicken 'N Biscuits, founded in 1977 by Jack Z. Fulk and Richard B. Thomas in Charlotte, North Carolina, was one of the first upscale chicken concepts. A Horn & Hardart subsidiary, Bojangles' has 290 units, and 1984 systemwide sales in excess of $200 million. After the first year of operation, units average over $1 million in sales. Based in the Southeast, Bojangles' is a fast growing chain. Plans are to build over 200 units this year, entering 8 to 10 new states. Bojangles' units have a New Orleans flavor. There are five different decor packages and most units seat about 80.

Bojangles' check average is $2.70. More than 50 percent of sales are from take-out. Bojangles' serves spicy chicken and there are no plans to add other fried chicken varieties. Also on the menu is a chicken filet biscuit, Cajun dirty rice, and Cajun pinto beans. (The term Cajun is used to describe Bojangles' spicy flavor.)

Biscuit sandwiches are served all day. The product is so important to Bojangles' that the company has established a master biscuit maker training center.

Mrs. Winner's Chicken & Biscuits is based in Tennessee and has 180 units, 117 of which are company owned. Averaged unit volume is $725,000. Units range in size from 32 to 92 seats, but 90 percent are a standard 68 seats. Cost to build, including land, building, and equipment is $600,000.

Originally Mrs. Winner's was a

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Chicken

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fast food chain, but the company began in 1982 to upscale the concept by upgrading decor and broadening the menu. The chain may change its name to more accurately describe the concept; chicken accounts for only 20 percent of sales. Biscuit products, including breakfast items which are served all day long, account for 50 percent of sales. Because it is a signature item, biscuits are made from scratch, not a premix. Breakfast is the biggest daypart, accounting for 35 to 40 percent of sales in established markets. Mrs. Winner's country breakfast platter includes grits. Recently rolled out items include an entree baked potato and a cinnamon swirl bun. Some stores have salad bars which add flexibility. The chain is not happy with its weak dinner business, and intends to reposition itself in 1985.

The company has built quite a few units in the past few years, and 1985 will be a catch-up year. The company may build 15 to 18 stores, but most of the growth will come from franchisees who may add 50 to 60 units.

Grandy's Country Cookin' doesn't even mention chicken in the restaurant name. However, chicken does account for 25 percent of sales. Emphasis is on freshly-prepared foods. "Fast Food that doesn't taste fast," is Grandy's theme. Check average is $2.85, and unit volumes average $1.7 million. Systemwide sales for fiscal 1984 were $53.9 million. The chain sees fast food, coffee shops, and dinner houses as primary competitors.

Grandy's menu has expanded over the years. Three years ago country breakfast was introduced; salad bars were also added. This year, smoked barbecue ribs were rolled out. A country fried steak dinner is another popular item. In addition to biscuits, Grandy's makes a yeast roll from scratch, and has added a cinnamon roll. Grandy's will add no new products this year.

The first Grandy's was opened in 1973 in Lewisville, Texas, by founders Walter Johnson (Ed) and Rex Sanders. The chain was acquired by Saga Corp., in 1983 for $66 million. Grandy's has expanded rapidly; it grew 100 percent in 1983. Saga's strategy is to expand as rapidly as possible without sacrificing quality. Grandy's has 130 units, mostly in the Southwest, and will develop that area and contiguous markets to generate synergy and awareness levels. In the fiscal year ending June, 1985, the company will build 30 units and franchisees will add 30 to 40 units. Most stores are freestanding, with 140 seats, and cost $800,000 to $900,000 to build.

Sisters Chicken & Biscuits is a wholly owned subsidiary of Wendy's International. Sisters shares many characteristics with its sister chain, including a large variety of side dishes, salad bars, and baked potatoes. The upscale quality of Sisters is manifest in its decor: a white picket fence and flower beds outside, "country classic" decor inside. The attractive decor apparently attracts dine-in business: 60 percent of sales are rung up on the inside register.

Sisters' menu began with spicy chicken, biscuits and breakfast. The mildly-spiced chicken, and a country steak and gravy dinner were added. The most popular item is a two-piece chicken dinner which sells for $2.69 and makes up 20 percent of sales. Check average in company-owned stores is $3.97. An unusual item is Sisters' creamed chicken, selling for $1.79, or $2.69 as a dinner. Deboned chicken is mixed with a cream base, carrots and peas, and

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marco pollo
Chicken
GRILLED OVER
AN OPEN FLAME

Fledgling chain Marco Pollo will introduce char-broiled marinated chicken to customers West of the Rockies.

Chicken *continued from page 106*

served over biscuits. Because it is made from chicken that can't be held any longer, the item cuts down on waste.

Light Idea sandwiches and platters were rolled out in mid-1984. The six sandwiches are served on deli-style rolls and whole wheat toast; there are two salad platters, chicken and tuna. The Light Idea line accounts for 8 to 13 percent of sales.

The Light Idea is part of Sisters' repositioning effort. The chain is intent upon broadening its customer base and increasing dining frequency. Lunch is a new daypart for Sisters; it is doing so well that some units have enlarged the porch area, increasing seating to handle lunch crowds. Units average 102 seats. In the Columbus, Ohio, market, company-owned units average annual volumes of $1 million. Sisters has 70 units in 16 states; 24 are company-owned, 46 are franchised. In 1985, Sisters will develop one more major market—but declined to say where. Growth will primarily be through franchised stores. Sisters plans to open 600 units in the next five years.

Char-broiled chicken

The latest and perhaps most significant trend in the chicken market segment is Mexican-style char-broiled chicken. Fresh, whole chickens are butterflied, then marinated in an often "secret" blend of herbs, spices, and fruit juices. The product is slow-broiled for about 45 minutes, and batches are staggered to maintain a steady supply without excessive waste. The chicken is cut into eight pieces and served with salsa and tortilas. Because it is broiled rather than fried, the product is touted as being more nutritious—a marketing advantage in light of lite consumer trends. El Pollo Loco claims that its meal is 25 percent larger by weight to comparable fried chicken but that it has equal calories, 65 percent more protein, 30 percent less fat, and 20 percent less sodium.

The segment is dominated by independent operators in Mexico and Southern California. The first chain is El Pollo Loco (the Crazy Chicken). It began in 1975 at a roadside stand in Guasave, Mexico, owned by the Ochoa family. Now there are over 90 units in 20 Mexican cities. The first U.S. El Pollo Loco opened in Los Angeles in 1980 and grew to 19 units. In 1983 foodservice giant Denny's Inc. (1984 sales of $1.36 billion) acquired the U.S. units plus worldwide (except Mexico) development rights for $11.3 million in cash.

"We believe the time has come for a major organization such as Denny's Inc., to change what is so far pretty much an independent operator's phenomenon into a truly national modern foodservice system," says El Pollo Loco's president Donald Pierce. In the year following the acquisition Denny's has been refining the concept and gearing up for expansion. At year end 1984, there were 30 units in operation. The chain will double in size in 1985. Expansion will concentrate in Southern California. The chain has acquired seven units in Houston for conversion, and plans to enter the Phoenix market.

New units will be constructed according to the "big city contemporary" look of the prototype unveiled late last year. The freestanding, white stucco buildings will have lots of glass and a tile roof. Signage has been redesigned but the new look retains the familiar red and white colors. New interiors break with traditional units, utilizing natural wood tones, plants, and decorative tiles.

CRISPY NUGGETS
SPICY

Church's offers its Crispy Nugget product in spicy as well as regular flavor.

The char-broiled chicken hasn't been changed—Denny's considers it sacred. The eight-piece whole chicken with salsa and 10 tortillas costs $6.29; half a chicken is $3.19. A two-piece combination plate, priced at $2.59, may encourage more dine-in business. Flour tortillas are now offered as an alternative to corn tortillas. Additional desserts and drinks have been added to the menu.

Transaction average is $7.50. Some El Pollo Loco units gross over $1 million; an estimate of an average unit's volume is $750,000. Marketing is targeted towards both Anglo and Hispanic customers. When the density of units in Southern California is sufficient, English as well as Spanish advertising will be used. The chain will stay close to its roots. The El Pollo Loco logo includes the line, "The Original Mexican char-broiled chicken." Denny's has the lead in this segment and it intends to keep it.

The Phoenix-based, five unit (two more under construction) El Pollo Asado chain is a close competitor in terms of product and presentation. The company was founded in 1983

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Chicken *continued from page 107*

by ex-Garcias executives Richard Lipson and Richard Peterson, who developed their recipes on a backyard grill. El Pollo Asado's menu ranges from a two-piece chicken dinner to a meal serving eight to 10 people, priced at $16.29, but the "chicken average" is $8.60. An El Pollo Asado unit will serve 350 chickens a day on the weekend. The char-broiled chicken is served with corn or flour tortillas, salsa, and a variety of side dishes. El Pollo Asado also offers a barbecue chicken sandwich, and is rolling out char-broiled chicken wings with barbecue sauce.

The average El Pollo Asado unit seats 48 with a patio seating 36. However, 70 percent of sales are take-out. Actual monthly volume, based on a 28-day cycle, for one store is $62,000; other units do close to that figure.

Expansion will be carried out through franchising and focus initially in the Phoenix area and the Southwest. A public stock offering of 666,000 shares will raise $2 million to implement that program. Due to a mandatory 90-day quiet period following the stock offering, Lipson could not release any plans or projections.

Entrepreneur Philip Goldman purchased the name Marco Pollo and proprietary recipes from a mom-and-pop operation in Los Angeles. Using his experience as a former Arby's executive, Goldman designed a market package around the product and is introducing char-broiled chicken east of the Rockies. "The ambience is more sophisticated, the operational economics are more efficient," says Goldman. The chicken product is similar to Loco's and Asado's, but accompanying tortillas are made of a combination of corn and wheat flours. A half chicken with tortillas and salsa is $3.89; a whole bird $6.39. The transaction average is $5.25. Goldman expects annual unit volumes to average $800,000. He predicts 45 percent of sales will be from drive-thru service.

The first prototype opened last September in Florence, Kentucky, just outside Cincinnati. Two operations are open, two more are under construction. Franchises have been sold for limited segments of markets in Ohio, Texas, California, and Florida. Franchises are sold within specific regions of an ADI with an entry-level commitment of five units.

Print ads, radio spots and a direct mailer are aimed at educating the consumer about the product. "Pollo is the coming thing," believes Goldman. "It's the hottest food trend now, and will sweep the country."

Regional chains

The chicken market segment is made up of many independent operators and small chains. The regional chains share many of the characteristics, concerns, and strategies of the major chicken chains. Most have rolled out biscuits, are upgrading decor and experimenting with new prototypes, and are trying to attract more dine-in business. Regionals are often innovative: Brown's Chicken has found success with off-menu specials, and is testing "fast food catering" in Chicago. Pioneer Take-out will feature exhibition biscuit making; and Chicken George has developed a chicken a la king product. Regional chains are an important force in the chicken market segment.

Los Angeles-based Pioneer Take-Out Corp. caters to the very mobile society of the Southwest. Take-out accounts for 75 percent of sales; one-third is drive-thru. Emphasis is on speed of service and quality. Pioneer has 300 units in operation, of which 70 percent are franchised. The major share of units, 90 percent, are sited in California, mostly in Los Angeles. Pioneer also has a presence in Hawaii and Arizona, and three stores in Indonesia.

For the past few years, sales have been flat with little or no growth. "But we're back on track with new direction," declares Al Prospero, senior vice president of operations. A recent reorganization, new marketing policies, and new president Frank Damonte have spurred new enthusiasm and momentum. The company has turned around, reporting 15 percent growth in the fourth quarter of 1984. Sales for the year are $100 million. Average unit volumes are up: $7,760 per week this year versus $6,000 last year. Check averages are up six percent to $4.16, largely due to incentive programs. Expansion has been equally dramatic: Pioneer opened 12 stores in 1983, seven in 1984. In the first quarter of 1985 alone, the chain added 15 units, and plans to open a total of 30 to 40 this year.

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El Pollo Loco is the original Mexican char-broiled chicken concept

Chicken *continued from page 110*

Sister's Chicken & Biscuits is the Wendy's of the chicken segment.

Other chicken chains may talk about upscaling, but Pioneer is downscaling—to a smaller prototype for certain locations. The 1,280-square-foot unit will have a drive-thru plus patio seating. Pioneer is also changing its kitchen layout. In the new design, the counterperson will take orders, assemble and dispatch them in seconds. Three registers allow three orders to be filled simultaneously. The drive-thru will be self-sustaining with its own station. Some stores will be remodeled with an exhibition biscuit station.

This will aid merchandising of Pioneer's biscuit entry. They account for five percent of incremental growth. Twenty stores are testing a biscuit-based breakfast. Pioneer also rolled out country spicy chicken, garnering incremental sales of 8 to 10 percent.

Brown's Chicken is based in Chicago. Its prices are on a par with the other chicken chains, and take-out accounts for the biggest portion of business. But rather than skewing towards take-out, Brown's is actively courting dine-in business. Advertising positions the chain as a full dining experience: TV spots show families eating in attractive dining areas. The chain continually upgrades store interiors. Brown's image is the "country kitchen" look. Units seat 70-80, and have salad bars.

Brown's off-menu specials are recombinations of menu components and test items. A recent month-long "designer dinner" special proved so popular that some stores have made it permanent. Spicy chicken is testing very well. Brown's also tested a marinated, char-broiled barbecue chicken—it is on the back burner but Brown's believes that the product still holds promise. Brown's Chicken has 160 units, and will concentrate on filling out the Chicago ADI. A franchisee has 15 stores in South Florida, and will add 15 more units.

Texas-based Golden Fried Chicken of America was established in 1982, and grew from 39 units to 140 units in just two years. Some of this growth is due to the acquisition of the 57-unit Holly Farms chain in North and South Carolina. Most of Golden Fried's units are in non-metropolitan areas and small communities. The company hopes to add 200 units this year.

Golden Fried's biggest seller is the "country dinner" special, selling for $2.49. The chain recently rolled out a fresh-baked chocolate chip cookie, and has a cheese-blended biscuit.

New president and chief executive officer Steven G. Neeley hinted that something big was in the works for Golden Fried, but declined to give any details.

Memphis-based New Orleans Famous Fried Chicken boasts a high check average of $4.45, and has a high percentage of dine-in business: 60 to 65 percent. Serving only lunch and dinner, units average sales of $8,000 per week.

New Orleans has 39 units in Mississippi, Alabama, Arkansas, and Tennessee. Only 20 percent are franchised, but greater emphasis will be placed on franchising in 1985 when the chain plans to add 25 units. A new prototype steeps diners in a New Orleans atmosphere, with ceiling fans, French doors and New Orleans ragtime. The dining area will be larger, seating 40-60. In addition to its hot 'n' spicy and regular Krispy fried chicken, New Orleans is rolling out a biscuit breakfast.

The Houston-based Hartz Krispy Chicken chain has 44 units, 34 in the Houston area, seven in Mississippi, and the rest in Alabama and Georgia. In 1985, Hartz will add five units, one in Atlanta, a new market. Company-wide sales for 1984 were in excess of $20 million. Units generate average annual sales of $500,000. Hartz's check average is a high $4.

Take-out accounts for 60 percent of sales; all units have drive-thrus. The average unit seats 60, but new stores will seat 90. A new prototype has been developed to facilitate Hartz's buffet. The all-you-can-eat buffet offers fried chicken and vegetables in a salad bar format. The buffet is offered in nine company stores and in one-third of franchised units. It has been well received; some stores sell as many as 400 buffets a day. Priced at $3.49, the buffet is profitable because chicken consumption averages 2.8 pieces per customer.

Baltimore-based Chicken George has 15 company-owned stores and three franchised, a total of 18 units. Most are inner city locations, and the customer base is black. In 1985, Chicken George intends to expand out of the inner city and open 10 units.

Southern-style food is served: mild and spicy fried chicken, spicy rice, greens, biscuits, and chicken gumbo. Recently the chain rolled out chicken a la George—similar to chicken a la king. Check average is $3.60. The average unit seats 46, but 80 percent of sales are take-out. Average unit volume is $900,000, down somewhat from previous years. "In our market the economy hasn't picked up yet," says Ted Holmes, president and founder. "Growth has been a little slower than in previous years. Now we are looking at the market and site selections carefully. We've become more conservative."

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*Cover design by Andrea Geller;
photo by Don Kushnick*

Houston-based Gabby's serves Texas style barbecue; new menu is aimed at dinner.

Regional chains dominate barbecue segment

by Jacque White Kochak

"I got interested in barbecue because it tastes so good," says Josh Lewin, owner of Smokey's Real Pit Bar-B-Q in New York City. "My wife and I first tried barbecue in Kentucky, and then in Florida. We came back to New York City and couldn't find any."

So he opened his own unit in 1979. He has since opened two more and talks of further expansion.

Lewin is typical of the entrepreneurs who are opening up barbecue concepts outside the southern "Barbecue Belt." They are increasing in numbers, as Americans begin to appreciate the smoky taste of a truly American food.

So far, however, no barbecue chain has been able to establish a national presence, though Diversifoods' Luther's is generally considered a likely prospect. Two Florida chains, Sonny's Bar-B-Q and Fat Boy's Bar-B-Q, are creeping out of their Southeastern base, and a number of small regional chains from Texas to Tennessee to Georgia are positioning themselves for growth.

Meanwhile, barbecue independents are showing up in such unlikely places as Warren, Ohio, and Cape Cod, Massachusetts, as entrepreneurs sense the specialty concept's potential. And in more traditional markets in the South, barbecue restaurants are proliferating.

Outside of the South, the popularity of barbecue varies from market to market. New York City has gone crazy over barbecue, with many new concepts opening. They range from the stylish Carolina in the theater district—serving pork and sometimes pheasant, quail, or duck, in elegant pink and taupe surroundings—to Singleton Bar-B-Q in Harlem, where ribs and chicken are slow-cooked over charcoal and oak wood chips in a brick oven in a long, narrow room with red plastic banquettes, red plastic-topped tables, and blue walls.

In between are a host of restaurants with names like Texarkana, Checkers, R.J.'s, and Bloomsbury, where dedicated Yuppies gnaw on ribs, coleslaw, and chicken. "Anytime anything starts to get a little bit of attention in New York City, everyone jumps on the bandwagon," says one observer.

Chicago has its popular institutions such as Carson's, whose five units post sales of $3 million each with a menu consisting primarily of ribs. But barbecue isn't the phenomenon that it is in New York City.

Nor is barbecue as trendy on the West Coast, though oldtimers like Harry's Oven Pit and Dem Bones BBQ Shack in Los Angeles have loyal followings. One small California chain, Love's, has been in business for some time, but a couple of chains out of Texas have reportedly had trouble getting their concepts across.

Californians have been more receptive to upscale barbecue, however. Spectrum Foods' three MacArthur Parks derive more than 50 percent of sales from ribs, chicken, sausage, pork chops, and duck basted and smoked in a specially designed oak wood smoker, then grilled over mesquite. Each unit posts sales in excess of $3 million a year.

And R.J.'s The Rib Joint, in Beverly Hills and Newport Beach, California, is hatching expansion plans under the aegis of W.R. Grace & Company, which acquired the concept two years ago. Determinedly folksy R.J.'s, just off Rodeo Drive, serves beef and pork ribs, chicken, pork chops, and veal smoked in a

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deep pit with a blend of orange, oak, apple, and alder woods, along with some hickory and mesquite. Average check is $15.50 without liquor; and the two units gross more than $7 million annually.

Up the coast in San Francisco, two Hog Heavens serve Memphis style pork shoulder smoked over hickory and mesquite for nearly 10 hours, and shredded for Memphis tastes. An upscale atmosphere draws stylish San Franciscans, and owner Andrea Martin says she plans further expansion.

The rib restaurants, first cousins to the barbecue restaurants, are doing well in California as well as around the rest of the country.

The fragrant smoke of hardwoods gives barbecue its unique flavor.

The leader in the segment—and the concept most copied—is Tony Roma's, which has installed a new management team with further plans for expansion. Several rib look-alikes are also continuing to advance into new markets.

Purists insist that the rib restaurants, as well as many of the trendy Manhattan spots, don't actually serve "real" barbecue, and they are probably right. The U.S. Department of Agriculture defines barbecue as meat cooked by the direct action of dry heat, resulting from the burning of hardwood or hot coal, which permeates the meat with the taste of smoke. Many of the rib restaurants resort to liberal doses of liquid smoke and bake or steam their ribs in the oven before basting them with barbecue sauce and grilling them, but nobody seems to mind, not even dyed-in-the-wool Southerners who cut their teeth on beef ribs.

In fact, some observers say that the rib houses, which started in Florida and flourished up the East Coast as vacationers took home a taste for ribs, were the vanguard for authentic barbecue. "Barbecue came on the coattails of ribs in the Northeast," says Smokey's Josh Lewin. "Real barbecue, imbued with the flavor of the wood and not just crusted with charcoal, is a food whose time has come."

Emerging barbecue chains

Luther's is the barbecue chain most often cited as the leader in the market, and is the chain most often mentioned by competitors because it is in more markets than any other. At presstime, however, Luther's executives could not discuss the changes the chain is going through.

Luther's serves a good product at a reasonable price, but the concept has encountered some problems. The chain has not been profitable, and rapport has been bad with some franchisees. Reportedly, the concept didn't do well in such markets as Milwaukee, Wis., Spokane, Wash., and Northern California, but one securities analyst who follows Luther's parent company, Diversifoods, says the problem lies not with the concept but with such factors as expansion too far afield, out of contiguous markets where units would have been helped by word of mouth. The analyst, Michael Culp of Prudential-Bache, adds that some locations were not good and some franchisees "were financial types instead of foodservice types who got into

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Sonny's has 64 units; 25 more will open in 1985.

Luther's as an investment and just got blown away.

"It's frustrating, because Luther's is a very good concept," says Culp. "The chain has been slow to get off the ground and has been affected by Diversifoods' preoccupation with its troubled Godfather's chain."

Luther's was a small Texas-based chain when acquired by Diversifoods, which refined the menu, preparation, decor, and operations, and began expansion in 1981.

Luther's is aimed at families but appeals particularly to men, and serves Texas style barbecue from a cafeteria style service line. Average check runs about $4, and units reported $1.3 million in average sales last year.

In the Southeast where barbecue tastes are very regional and patrons are fiercely loyal, Luther's has reportedly run into some resistance to its Texas beef barbecue in areas where pork predominates or where sauces differ radically from the wet, tomato-based Texas sauces. Last year, Luther's executives said they were experimenting with some regional menu items.

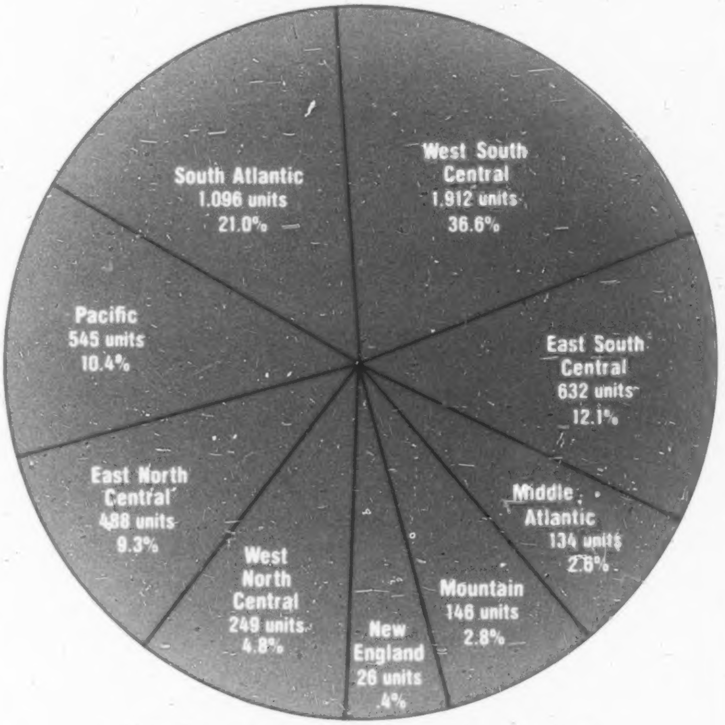
At that time, they also introduced a modified building prototype that is 1,000 square feet smaller than the 6,000-square-foot original Luther's and replaced the original wood smoking pits with convection-supplemented barbecue pits to cut cooking time from 16 to eight hours.

Luther's remains a promising concept and one to watch. Prudential-Bache's Culp anticipates that Luther's will be sold in 1985. "I think they will get out from under some of Diversifoods' problems and be developed independently," he predicts.

One chain that is giving Luther's a run for its money is Gainesville, Florida-based Sonny's Bar-B-Q. Sonny's calls itself the largest barbecue chain in the country with 64 units, but unlike Luther's, Sonny's has stayed close to its Florida base. Only now is Sonny's creeping outward, with some of its 25 new units in 1985 expected to open in Colorado, Illinois, Virginia, Maryland, and Kentucky.

Sunbelt dominates barbecue market

Together, the southern regions account for over two-thirds of total barbecue restaurants. Texas alone represents 28 percent of the total.



Note: Percentages represent distribution of barbecue restaurants by Census regions. There are 5,228 barbecue restaurants in the U.S., 1.7 percent of total U.S. restaurants.
Source: Restaurant Consulting Group. RE-COUNT, Spring 1984.

Sonny's director of operations Marion Whitescarver notes that Sonny's has sometimes encountered resistance to its Florida barbecue when entering new southern markets. North Carolina, in particular, was a problem, because North Carolinians pledge allegiance to a different kind of barbecue, with vinegar- or mustard-based sauces instead of tomato-based sauce. Sonny's continued to serve its own product and now "does real well there," says Whitescarver. "We don't know how to cook their barbecue, so we cook our own," he adds. "Most of our current customers first tried our barbecue when they were on vacation in Florida, so we don't experience the resistance we might have had 10 to 15 years ago."

Whitescarver declined to comment on Sonny's current annual sales or unit volume, but owner Sonny Tillman had reported earlier that units average $950,000, and 1983 sales were $58 million. Almost all Sonny's units are franchised.

Fat Boy's Bar-B-Q is a strong competitor in the Florida market, with 33 franchised and 10 company-owned units. Company sales in 1984 reached $23 million, with an average unit volume of $750,000. Over the next 12 months, Fat Boy's will open an average of one new unit a month. Emphasis will be on the Southeast and the Sunbelt, according to executive vice president Jay Bradley.

Family-oriented Fat Boy's will soon open a fast food prototype, and

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Bradley anticipates that half of the company's new units will be fast food. The drive-thru prototype will seat 64 people, compared to an average of 167 for full-size units.

Part of the reason for the fast food prototype is that the smaller unit will cost only a little more than half the cost of a larger unit to construct, so Fat Boy's can go into smaller markets. More importantly, Bradley notes that Fat Boy's has seen a dramatic increase in carry-out business, and the drive-thru will facilitate carry-out sales.

Fat Boy's also has seen an increase in its breakfast business, which now accounts for about 25 percent of total sales. Fat Boy's specializes in homemade sausage, biscuits, and gravy.

A country breakfast is well received by barbecue patrons. Breakfast is also an important part of sales for Atlanta-based Old Hickory House. Like the other chains, the 12-unit Old Hickory House serves barbecued beef, pork, ribs, and chicken, primarily to families. Country breakfasts featuring biscuits, gravy, and grits account for 30 to 32 percent of total volume.

All the restaurants have open hickory wood pits inside, so customers can watch the meat cooking. Meat is then hand-sliced in view of customers.

Prices range from $2.35 to $4.95 for breakfast, with an average check of $3.90; and from $3.29 to $6.99 at lunch and dinner, with an average check of $4.20 at lunch and $6.50 at dinner. Units average sales of $1 million each, according to owner Jack Black.

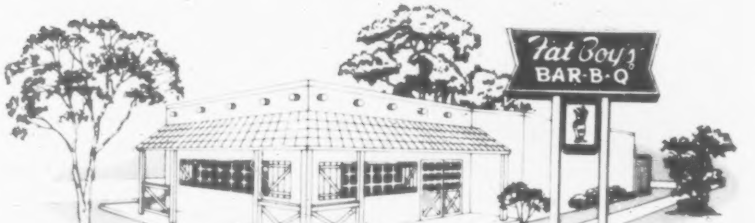
The first Old Hickory House opened in 1953, and expansion has been slow. However, Black says that changes are underway. A franchising program will be in place late this year, and the company's commissary is equipped to handle three or four times the number of stores now in existence. "I hope to triple the number of units in the next five years," says Black. "A lot of people are flirting with barbecue concepts, and I see that we need to keep growing because of the increased competition."

Texas Barbecue
Bodacious
2Mi. N on 46 Left at Old 82
RIBS
BEEF
TURKEY
SAUSAGE
NAEGELE

Bodacious is a Texas style barbecue outpost located in Warren, Ohio.

LUTHER'S
BAR-B-Q

Diversifoods' Luther's is located in more markets than any BBQ chain.



Fat Boy's will soon open a 64-seat, fast food prototype with drive-thru.

Also growing is Memphis-based Gridley's, with four units now open in Memphis, and four franchises opening soon in Jackson, Tennessee; Atlanta, Georgia; and Jackson, Mississippi.

"Mr. Gridley died a year ago, but he dreamed of establishing 200 units coast to coast," says vice president A.J. Walton. The company is now headed by Clyde Gridley's daughter, Robin Gridley Nickell.

Gridley's units are arranged so that a customer can enter either a fast food side or a dining room from a central foyer. The restaurant

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Barbecue *continued from page 106*

serves barbecued pork shoulder, ribs, chicken, shrimp, New Orleans style gumbo, and chopped shoulder sandwiches. In fact, Walton notes, the Memphis Gridley's uses 22 tons of shoulders and ribs a week.

Dinners are accompanied by San Francisco sourdough bread, coleslaw, and baked beans. The entire meal is served in 15 minutes on average, but nevertheless there is usually a 20 to 45 minute wait for a seat in the dining room, says Walton. The dining rooms seat between 240 and 260 people, and the fast food area seats 65.

Walton says that units average

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REGIONAL SUMMARY

State	Total all restaurants in state	Total BBQ restaurants in state	(%) share of BBQ restaurants in state	(%) share of BBQ restaurants in U.S.*
Connecticut	[illegible]	[illegible]	.1%	.1%
Maine	[illegible]	[illegible]	.1	.03
Massachusetts	[illegible]	12	.1	.2
New Hampshire	[illegible]	[illegible]	.1	.03
Rhode Island	[illegible]	[illegible]	[illegible]	.05
Vermont	[illegible]	[illegible]	[illegible]	[illegible]
New England	16,538	26	.15	.4
New Jersey	9,047	26	[illegible]	.4
New York	23,441	59	[illegible]	1.1
Pennsylvania	13,190	49	[illegible]	.9
Middle Atlantic	45,678	134	.29	2.6
Illinois	14,597	184	1.2	3.5
Indiana	6,580	69	1.0	1.3
Michigan	10,376	110	1.0	2.1
Ohio	13,212	106	.8	2.0
Wisconsin	6,161	19	.3	.3
East North Central	50,926	488	.9	9.3
Iowa	4,019	20	.5	.3
Kansas	3,311	[illegible]	1.9	1.2
Minnesota	4,708	[illegible]	.1	.2
Missouri	6,109	133	2.1	2.5
Nebraska	2,201	9	.4	.1
North Dakota	855	3	.3	.05
South Dakota	940	3	.3	.05
West North Central	22,162	249	1.1	4.8
Delaware	603	2	.3	.03
D.C.	1,105	5	.4	.09
Florida	14,538	370	2.4	7.0
Georgia	6,352	254	3.9	4.8
Maryland	3,758	16	.4	.3
North Carolina	6,490	264	4.0	5.0
South Carolina	3,477	93	2.6	1.7
Virginia	6,090	80	1.3	1.5
West Virginia	1,718	9	.5	.1
South Atlantic	44,531	1,096	2.4	20.9
Alabama	3,645	252	6.9	4.8
Kentucky	3,582	73	2.0	1.3
Mississippi	2,458	89	3.6	1.7
Tennessee	5,510	218	3.9	4.1
East South Central	15,195	632	4.1	12.1
Arkansas	2,673	118	4.4	2.2
Louisiana	4,820	129	2.6	2.4
Oklahoma	4,440	178	4.0	3.4
Texas	28,975	1,487	5.1	28.4
West South Central	40,908	1,912	4.6	36.6
Arizona	4,116	35	.8	.6
Colorado	5,127	45	.8	.8
Idaho	1,245	4	.3	.07
Montana	1,288	4	.3	.07
Nevada	1,410	17	1.2	.3
New Mexico	1,953	28	1.4	.5
Utah	1,710	1	.05	.01
Wyoming	759	12	1.5	.2
Mountain	17,608	146	.8	2.8
Alaska	423	4	.9	.07
California	37,604	457	1.2	8.7
Hawaii	1,372	18	1.3	.3
Oregon	4,109	27	.6	.5
Washington	5,783	39	.6	.7
Pacific	49,291	545	1.1	10.4
U.S.total	**302,837**	**5,228**	**100**	**1.7**

*According to RE-COUNT Spring '84, there are 5,228 barbecue restaurants in the U.S.

about $50,000 a week, or $2.6 million a year. Average check is $15 for a party of two.

"I'm seeing more and more competitors in Houston," says Frank Roche, president of Gabby's, a chain of 13 barbecue restaurants in Texas, primarily Houston. "There are now some 180 competitors, not counting Luther's." The success of some of the barbecue chains is coming back to haunt them, because everybody is trying to get a piece of the action. Gabby's has put expansion on hold while some of the 13 restaurants are converted from cafeteria style service to full service, says Roche. "We want to be sure about which concept we're selling before we go any further," he notes.

The reason for the change is to promote dinner business, Roche says. The one converted unit already shows an increase over the chain's average unit volume of $900,000, though Roche is reluctant to divulge details.

Gabby's also has expanded its menu with such items as chicken fried steak, fried chicken, fresh vegetables, and fresh breads and desserts. The most expensive item on the menu is $6.50.

Lewin of New York City-based Smokey's has set his sights high. He opened his first unit in 1979, his second in April of 1982, and his third last November. A public offering is possible, with the proceeds to be used to put together a strong management team and begin company expansion and territorial franchising.

Smokey's slow-smokes its spareribs, baby back ribs, chicken, and brisket over a blend of mesquite, oak, apple, cobb, and maple woods. The pit is exposed to public view as customers move along a cafeteria style line. Platters include "tiny taters" or coleslaw, and the menu also features buttermilk biscuits, chicken fried steak, link sausage, hot chicken wings, pork butts, rib tips, and potato "skin chips." Pecan pie, icebox cake, and key lime pie round out the menu. Average check is about $9.

The newest Smokey's features a fountain in the dining room where customers can wash their messy hands. The dining room has a black ceiling with fans, formica tables, and Western murals—a mountain scene blending into a stagecoach scene blending into a prairie scene—spanning the entire room. A jukebox adds to the relaxed atmosphere.

Lewin's restaurants have caught on with New Yorkers, and he predicts that the three restaurants will gross $3 million in 1985.

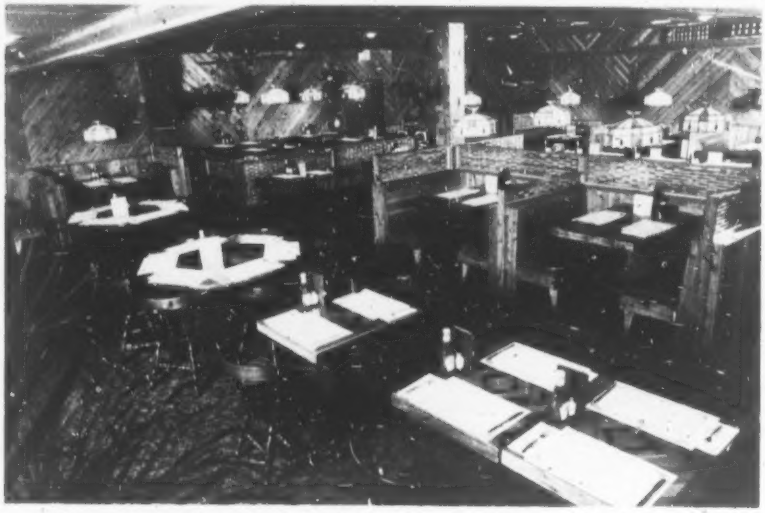
Bodacious, in Warren, Ohio, is a real barbecue outpost, and co-owner Don Gacura admits that he and his partner, David Zehngut, have to educate their customers about the qualities of real barbecue.

"People have the idea that barbecue is something covered with sauce," says Gacura. "People see pink on the meat and they think it is undercooked. But the pink is caused by smoke penetration."

Reaction to Bodacious, however, has been good. The self-service restaurant, which includes a drive-thru window, smokes beef, pork, chicken, and turkey over hickory wood in a

TONY ROMA'S
a place for ribs
OPEN 5AM
DAILY LUNCH
SPECIALS

Dallas-based Tony Roma's, with 42 units, is rapidly expanding.



Average unit volumes at Bobby Rubino's approach $2.4 million annually.

deep pit. In a location with a large Eastern European population, the restaurant also serves smoked kielbasi sausages. Prices start at $1.65 for a junior sandwich; average check is about $4.

Zehngut is an architect, and the Bodacious building was designed as a prototype for future expansion. Plans for expansion are not yet firm.

Rib restaurants

Tony Roma's, now based in Dallas but originally out of Florida, is marching forward with 42 units open and plans to expand as rapidly as possible. Primary markets are Miami and Los Angeles, with four units in Texas and single units strung from Scottsdale, Arizona, to New York City. There are even four units in Tokyo, and that franchisee is planning to open a unit in Guam, says director of operations Tom McCrary.

Texas businessman Clint Murchison installed a new management team last year after he purchased the chain. The new chief financial officer is from General Foods, the new vice president of operations is from Red Lobster, the new vice president of personnel is from Burger King, and the director of marketing is from Frito-Lay. The object was to transform Tony Roma's from an entrepreneurship into a corporation, and to insure stable growth.

There have been no major changes in the successful concept (annual volumes average about $2 million), although Tony Roma's has updated its decor package. "We're just about right," says McCrary. "We don't want to upgrade to the point that people are intimidated. We are perceived as having a good price/value relationship, and we want to capitalize on that."

McCrary notes that, like some barbecue restaurants, Tony Roma's has encountered resistance in certain barbecue markets where chopped meat is the barbecue of choice. "The solution is to get them to try the product," he says.

Tony Roma's has been much copied. Other concepts include Jilly's in Atlanta, Damon's in Ohio, and Oh!-Brian's in North Carolina, Tennessee, and Virginia. All tend to be casual but a step above the barbecue chains. They serve more liquor, and appeal to a wide range of customers, including families and singles.

Among the most successful is Bobby Rubino's, a 19-unit chain. There are seven company-owned units in Florida, one franchisee in Florida, a joint venture in New York City, three franchised units in northern New Jersey, three franchised units in Pittsburgh, one in Atlantic City, and one on Long Island, N.Y. There are also two units in Canada.

Bobby Rubino's is planning to expand at a rate of one unit a month, all franchised. A 13-unit deal for Chicago was signed last year, and the first unit was scheduled to open in February. A 15-store Los Angeles/San Francisco agreement was also signed, and the first store is scheduled to open in March.

According to Frank Galgano, Bobby Rubino's president, average unit volumes approach $2.4 million. Prices range from $3.95 to $15.95 for a prime rib or a "Steel City" 2-½ lb. rack of ribs.

Bobby Rubino's is undergoing some slight changes in the concept, aiming at appealing to families. "Families are more loyal," says Galgano. "Young singles are always looking for something new."

More emphasis is being placed on food, with the bar downplayed. The restaurants are steering away from a darker lounge atmosphere, towards a lighter, brighter look. "We see our future as that of a dinner house," says Galgano. "In the past, we've been noted for quick turnover, but that's not our priority now."

The company is utilizing more service personnel, and has added several dessert items and soups. A new decor package uses polyurethane tabletops instead of formica, as well as more brass. Smooth-cut, clean cedar is replacing the rough-cut cedar look. "The customer is looking for a little bit more now," says Galgano. "They want good food and value, but an aesthetically pleasing environment can be the last determining factor."

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Restaurant Business

MARCH 20, 1985

FRANCHISING:

Innovative Newcomers

Bar Design Page 112

Take-Out

Restaurant Business

March 20, 1985

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Franchising: Innovative newcomers
The 20th Annual Franchising Issue compiled by the editors of *Restaurant Business* features some of the hottest and most innovative newcomers in restaurant franchising. In addition to a segment by segment overview of the current franchising scene, and an exclusive statistical report, *Restaurant Franchising in the Economy*, prepared by Andrew Kostecka, we have reviewed some venerable chains that are trying on new looks for the 80s 139

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Cover photo courtesy of D'Lites

Restaurant franchising in the economy

This comprehensive study, "Franchising in the Economy," presents sales and statistical information about franchising in the U.S. It is issued annually by the U.S. Department of Commerce, and is prepared by Andrew Kostecka.

The franchise system of distribution is a significant part of the U.S. economy, creating annually more and more new business opportunities, new jobs, new entrepreneurs, and new services, as well as new export opportunities.

Franchising has been called the last and best hope for independent business in an era of growing vertical integration. It helps small businesses compete with the giants, since franchisees have a good chance to survive and prosper using the franchisor's know how and trademark or servicemark; it also offers a unique opportunity to people with limited capital and experience.

Franchising sales of goods and services in more than 481,000 outlets are expected to exceed $529 billion in 1985, about nine percent higher than a year earlier and about 58 percent over the level of sales at the start of the 1980s.

Employment in franchising, including part-time workers and working proprietors, was 5.2 million in 1983 and will probably reach over 5.6 million by the end of 1985.

Expansion of franchising in a broad range of retail and service industries—including automotive products and services, lodging, all types of restaurants, rentals, numerous business aids and services, food and non-food retailing, educational and health activities, home care, travel and recreation—is gradually changing the traditional marketing system for consumer goods and services and, at the same time, continues to offer opportunities for those individuals seeking their own businesses.

Utilizing current marketing techniques, franchisors are able to keep pace with shifting consumer markets and offer management expertise and market resource assistance to potential entrepreneurs.

Franchising has become a powerful force partly because economic factors have made growth through company-owned units difficult for many businesses.

Therefore, by emphasizing independent ownership, franchising provides an effective method of overcoming such problems as shortage of capital, high interest rates, and finding and hiring competent employees.

Product and tradename

Product and tradename franchising began in the United States as an independent sales relationship between supplier and dealer in which the dealer acquired some of the identity of the supplier. Franchised dealers concentrate on one company's product line and to some extent identify their business with that company.

Typical of this segment are automobile and truck dealers, gasoline service stations, and soft drink bottlers. Together they dominate the franchise field, accounting for an estimated 73 percent of all franchise sales for 1985.

Total sales by product and tradename franchisors are expected to reach an estimated $388 billion in 1985, compared with $360 billion in 1984; $312 billion in 1983.

Since 1972, the establishments of product and tradename franchisors declined at a rapid rate. For example, there was a net loss of almost 90,000 gasoline service stations between 1972 and 1983 alone. However, the attrition rate is expected to

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slow in the next few years, and in 1985 the number of product and tradename franchise establishments is expected to decline to 158,460 from 160,510 in 1984; 164,986 in 1983.

Business format franchising

Business format franchising is characterized by an ongoing business relationship between franchisor and franchisee that includes not only the product, service, and trademark, but the entire business format itself: a marketing strategy and plan, operating manuals and standards, quality control, and continuing two-way communications. Restaurants, non-food retailing, personal and business services, rental services, real estate services, and a long list of other service businesses fall into the category of business format franchising.

Business format franchising has been responsible for much of the growth of franchising in the United States since 1950 and will continue to offer opportunities for those individuals seeking their own businesses.

The volume of sales and the number of units owned or franchised by business format franchisors have been steadily on the rise since 1972. Sales of business format franchisors are expected to be over $141 billion in 1985, compared with $124 billion in 1984 and $111 billion in 1983.

In contrast to product and tradename franchises, the number of establishments of business format

RESTAURANT FRANCHISING, 1983-1985
Sales ($000)

Major Activity	Firms	1983 Total	1983 Company-Owned	 Franchisee-Owned
Chicken	34	$ 3,417,658	$1,292,166	$2,125,492
Hamburgers, Franks Roast Beef, etc.	98	18,947,837	5,294,782	13,653,055
Pizza	111	4,649,022	1,806,178	2,842,844
Mexican (Taco, etc.)	39	1,681,668	865,461	816,207
Seafood	11	938,261	532,789	405,472
Pancakes, Waffles	12	838,291	264,442	573,849
Steak, Full Menu	111	7,716,262	4,095,365	3,620,897
Sandwich and Other	50	502,595	93,233	409,362

Data estimated by respondents for 1984 and 1985

RESTAURANT FRANCHISING, 1983-1985
Number of Units

Major Activity	Firms	1983 Total	Company-Owned	Franchisee-Owned
Chicken	34	8,147	2,821	5,326
Hamburgers, Franks Roast Beef, etc.	98	28,270	6,378	21,892
Pizza	111	11,852	4,140	7,712
Mexican (Taco, etc.)	39	3,469	1,538	1,931
Seafood	11	2,309	1,197	1,112
Pancakes, Waffles	12	1,558	488	1,070
Steak, Full Menu	111	9,849	4,794	5,055
Sandwich and Other	50	2,074	429	1,645
Total	466	67,528	21,785	45,743

Data estimated by respondents for 1984 and 1985

U.S. FRANCHISED RESTAURANTS, 1983-85 SUMMARY

Item	1983	1984	1985	Percent Change 1983-84	 1984-85
Company-owned	21,785	22,995	25,052	5.6	8.9
Franchisee-owned	45,743	48,769	53,691	6.6	10.1
Total number of establishments	67,528	71,764	78,743	6.3	9.7
Company-owned	14,244,416	15,929,317	17,991,294	11.8	12.9
Franchisee-owned	24,447,178	26,987,554	30,934,269	10.4	14.6
Total sales of products and services: ($000)	38,691,594	42,916,871	48,925,563	10.9	14.0
Merchandise (non-food) for resale	65,706	69,632	72,890	6.0	4.7
Supplies (such as paper goods, etc.)	174,389	186,970	199,862	7.2	6.9
Food ingredients	887,405	1,017,703	1,170,949	14.7	15.1
Other	40,480	42,911	45,571	6.0	6.2
Total sales of products and services by franchisors to franchisees: ($000)	1,167,980	1,317,216	1,489,272	12.8	13.1

Data estimated by respondents for 1984 and 1985.

1984			1985		
Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
$3,966,987	$1,554,575	$2,412,412	$ 4,708,435	$1,880,342	$2,828,093
21,214,099	5,912,554	15,301,545	23,783,689	6,578,974	17,204,715
5,221,431	2,019,487	3,201,944	6,067,912	2,294,633	3,773,279
1,887,964	964,387	923,577	2,192,835	1,089,706	1,103,129
1,072,860	618,030	454,830	1,246,850	725,200	521,650
923,165	291,594	631,571	999,252	319,305	679,947
8,032,734	4,457,278	3,575,456	9,152,112	4,961,439	4,190,673
597,631	111,412	486,219	774,478	141,695	632,783
42,916,871	15,929,317	26,987,554	48,925,563	17,991,294	30,934,269

1984			1985		
Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
9,041	3,200	5,841	10,087	3,609	6,478
29,452	6,574	22,878	31,641	7,254	24,387
13,093	4,435	8,658	14,898	4,812	10,086
3,766	1,637	2,129	4,228	1,767	2,461
2,478	1,254	1,224	2,685	1,357	1,328
1,619	509	1,110	1,725	544	1,181
9,926	4,944	4,982	10,589	5,212	5,377
2,389	442	1,947	2,890	497	2,393
71,764	22,995	48,769	78,743	25,052	53,691

franchisors is expected to increase to almost 323,000 in 1985, compared to 294,149 in 1984; 276,195 in 1983.

The number of business format franchisors has been rising steadily since 1972, and this upward trend is expected for the remainder of the 1980s as more and more companies are choosing to expand their distribution of goods and services through franchising. There were 909 business format franchisors that responded to our survey in 1972. By 1983 the number of franchisors in this category had more than doubled to 1,877.

Large franchisors, those with 1,000 or more units each, continue to dominate business format franchising, with 55 companies accounting for 49 percent of all sales and for 51 percent of all establishments in 1983. The total number of outlets reported by these large franchisors stood at 140,564, with sales of $53.8 billion. Thirteen of these large franchisors were engaged in restaurants and 10 were in automotive products and services.

Sales of products and services by business format franchisors to their franchisees totaled $6.8 billion in 1983 and might rise to about $9.8 billion in 1985. Franchisor sales of merchandise for resale were largest in the nonfood retailing category—$2.4 billion in 1983—followed by automotive products and services at $1.9 billion. Franchising sales of food ingredients amounted to $1.8 billion in 1983 of which $887 million went to restaurants and $719 million to food retailers other than convenience stores.

Trends

Franchising can accurately be described as the "Wave of the Future." With long-term prospects for franchising extremely bright, growing numbers of smaller companies, operating in local or regional markets, will turn to franchising for new ways to distribute their goods and services. These new small franchising companies will quickly react to changing market conditions and seek out new services and merchandising alternatives in order to broaden store appeal and attract greater patronage.

Continuing economic improvement, stable prices, slower growing population, and increased competition for market share will turn many large corporations and manufacturers to franchising, influenced by changing tastes of consumers and demographic shifts.

With rising costs of construction, marketing, and training, and with franchising enlarging its share of retail and service receipts, we should see an increased trend toward multi-unit ownership by franchisees and the increased granting of rights to develop large regional areas. Stepped-up activity also should occur by larger franchisors in their acquiring of existing chains for expansion instead of developing new, individual franchises.

Many manufacturers not satisfied with the merchandising of their consumer products through existing traditional outlets—with often inadequately trained personnel—are turning to franchising to enhance their distribution. This trend is evident in clothing and software merchandising.

The trend towards conversion franchising will continue in many areas of franchising along with the continuing entry, in large numbers, of women into franchising both as franchisees and franchisors. The shift toward computer rental and repair services in franchising is growing.

In addition, in order to survive and compete in the marketplace, there will be a push among retail

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TOP 30 FRANCHISE RESTAURANT SYSTEMS

1983-84 systemwide sales by company and franchise

Franchise system	1984		1983		'83-'84 % Change
McDonald's	$9,900.	(2,600c/7,300f)	$8,600.	(2,300c/6,300f)	15
Burger King*	$3,400.	(540c/2,860f)**	$2,810.	(422c/2,388f)	21
Kentucky Fried Chicken	$2,850.	(880c/1,970f)**	$2,623.	(778c/1,845f) **	9
Wendy's	$2,490.**	(870c/1,620f)	$1,920.	(666c/1,254f)	30
Hardee's*	$1,917.	(636c/1,281f)	$1,718.	(807c/911f) **	12
Pizza Hut	$1,700.	(850c/850f)	$1,500.	(750c/750f) **	13
Dairy Queen*	$1,391.	(3c/1,388f)	$1,288.	(3c/1,285f)	8
Taco Bell	$873.**	(445.5c/427.5f)	$693.**	(365.2c/327.8f)	26
Big Boy	$860.**	(220c/640f)	$1,000.	(178.5c/821.5f)	(14)
Arby's	$760.**	(95c/665f)	$664.	(80c/584f) **	14
Domino's Pizza	$625.	(172c/453f)	$466.	(107c/359f)	34
Long John Silver's*	$602.3	(366.9c/235.4f)	$554.5	(337.4c/217.1f)	9
Jack in the Box*	$575.2	(534c/41.2f)**	$531.7	(497.5c/34.2f) **	8
Church's*	$564.8**	(468.8c/96f)	$526.8**	(425c/101.8f)	7
Ponderosa*	$547.	(380c/167f)	$553.5	(384.2c/169.3f)	(1)
Dunkin' Donuts*	$532.1	(29.4c/502.7f)	$475.8	(27.2c/448.6f)	12
Shoney's*	$514.3	(241.7c/272.6f)	$424.5	(198.2c/226.3f)	21
Western Sizzlin'*	$495.**	(4c/491f)	$470.**	(4c/466f)	5
Howard Johnson's	$475.**	(342c/133f)	$435.1**	(313.6c/121.5f)	9
Baskin Robbins*	$470.	(1c/469f)**	$455.	(1c/454f) **	3
Roy Rogers	$400.**	(307.5c/92.5f)	$341.7**	(256.3c/85.4f)	17
Bonanza*	$388	(2c/386f)**	$371	(2c/369f) **	5
Sizzler*	$384.	(132.4c/251.6f)	$353.7	(118.8c/234.9f)	9
Godfather's Pizza	$312.**	(90c/222f)	$339.	(98c/241f)	(8)
Popeyes Famous Fried Chicken*	$303.6	(62.8c/240.8f)	$229.6	(55.6c/174f)	32
Perkins' Cake & Steak	$283.3	(97.3c/186f)	$268.5	(96.5c/172f)	5
Sonic Drive Ins*	$283.1	(27.4c/255.7f)**	$262.6	(24.4c/238.2f) **	8
Chi-Chi's*	$273.3	(152.5c/120.8f)	$183.1	(94.4c/88.7f)	49
Pizza Inn*	$249.6	(116.1c/133.5f)	$236.6	(105.9c/130.7f)	5
Captain D's*	$246.	(133.1c/112.9f)	$215.7	(116.5c/99.2f)	14

*Fiscal year-end results (remainder are calendar year-end results)

**Estimated

1983-84 systemwide units by company and franchise

Franchise system	1984		1983		'83-'84 %Change
McDonald's	8,069	(2,017c/6,052f)	7,778	(1,949c/5,829f)	4
Burger King*	3,827	(549c/3,278f)	3,502	(492c/3,010f)	9
Kentucky Fried Chicken	6,175	(1,713c/4,462f)	5,971	(1,524c/4,447f)	3
Wendy's	2,995	(1,057c/1,938)	2,673	(922c/1,751f)	12
Hardee's*	2,229	(825c/1,404f)	2,154	(840c/1,314f)	3
Pizza Hut	4,350	(2,175c/2,175f)	4,100	(2,050c/2,050f)**	6
Dairy Queen*	4,789	(6c/4,783f)	4,743	(6c/4,737f)	1
Taco Bell	1,830	(933c/897f) **	1,700	(889c/811f)	8
Big Boy	860	(220c/640f)	1,230	(219c/1,011f)	(30)
Arby's	1,379	(174c/1,205f)	1,255	(151c/1,104f)	11
Domino's	1,847	(589c/1,258f)	1,185	(365c/820f)	56
Long John Silver's*	1,357	(814c/543f)	1,313	(782c/531f)	3
Jack in the Box*	788	(727c/61f)	774	(724c/50f)	2
Church's*	1,493	(1,234c/259f)	1,397	(1,117c/280f)	7
Ponderosa*	655	(435c/220f)	685	(448c/237f)	(4)
Dunkin' Donuts*	1,359	(73c/1,286f)	1,290	(65c/1,225f)	5
Shoney's*	433	(188c/245f)	390	(171c/219f)	11
Western Sizzlin'*	640**	(5c/635f)	575**	(5c/570f)	11
Howard Johnson's	610**	(433c/177f)	749	(533c/216f)	(8)
Baskin Robbins*	3,205	(4c/3,201f)	2,935	(4c/2,931f)	9
Roy Rogers	525	(387c/138f)	504	(380c/124f)	4
Bonanza*	551	(5c/546f)	545	(7c/538f)	1
Sizzler*	451	(139c/312f)	440	(138c/302f)	3
Godfather's Pizza	900	(230c/670f)	887	(229c/655f)	2
Popeyes Famous Fried Chicken*	445	(111c/334f)	369	(92c/277f)	21
Perkins' Cake & Steak	312	(96c/216f)	307	(94c/213f)	2
Sonic Drive Ins*	968	(92c/876f)	975	(96c/879f)	(.1)
Chi-Chi's*	136	(69c/67f)	92	(46c/46f)	48
Pizza Inn*	707	(289c/418f)	710	(288c/422f)	(.4)
Captain D's*	456	(255c/201f)	426	(229c/197f)	7

* *Fiscal year-end results (remainder are calendar year-end results)*

** *Estimated by Restaurant Business or by the respective companies*

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franchisors to computerize their entire retail operation, including sales and inventory. Use of technology in retailing by franchisors is expected to proceed at an evolutionary pace for the remainder of the 1980s.

Franchised restaurants of all types will continue to be the front-runner and most popular sector of franchising. Casual theme restaurants designed to reflect a particular lifestyle or mood are finding increased acceptance in franchising while restaurant franchisors associated with the popularly used phrase of "fast food" will continue to show the greatest sales growth.

Restaurant franchisors will move toward more diversified menus including salad bars, fish, and poultry as personal health concerns have influenced increased consumption of such food items. The shift to ethnic foods is still on the rise. Significant penetration of foreign markets by restaurant franchisors will occur during the next decade.

Considerable interest will be shown in growth through acquisition for the balance of the 1980s. Franchisors confronted with static local markets, are likely to seek merger opportunities with franchisors in other sectors of the country, especially in the Sunbelt and Western states where population is rising and potential for growth is promising.

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RESTAURANT FRANCHISING GROWTH IN SALES, 1979-1984 (SALES:$000)

Major Activity	Total Sales $ 1979	 $ 1984	 % Change	Company-owned $ 1979	 $ 1984	 % Change	Franchisee-owned $ 1979	 $ 1984	 % Change
Chicken	2,258,017	3,966,987	76	739,354	1,554,575	110	1,518,663	2,412,412	59
Hamburgers, Franks, Roast Beef	12,740,586	21,214,099	67	3,066,896	5,912,554	93	9,673,690	15,301,545	58
Pizza	2,141,618	5,221,431	144	821,046	2,019,487	146	1,320,572	3,201,944	142
Mexican	694,514	1,887,964	172	322,758	964,387	199	371,756	923,577	148
Seafood	773,736	1,072,860	39	317,572	618,030	95	466,164	454,830	2
Pancakes, Waffles	726,429	923,165	27	204,180	291,594	43	522,249	631,571	21
Steak, Full Menu	5,225,166	8,032,734	54	2,575,335	4,457,278	73	2,649,831	3,575,456	35
Sandwich and Other	205,850	597,631	190	29,260	111,412	281	176,590	486,219	175
Total	24,765,916	42,916,871	73	8,076,401	15,929,317	97	16,689,515	26,987,554	62

Data estimated by survey respondents for 1984

Source: U.S. Dept. of Commerce; Restaurant Business

RESTAURANT FRANCHISING GROWTH IN UNITS, 1979-1984

Major Activity	Total Units 1979	 1984	 % Change	Company-owned 1979	 1984	 % Change	Franchisee-owned 1979	 1984	 % Change
Chicken	7,075	9,041	28	1,990	3,200	61	5,085	5,841	15
Hamburgers, Franks, Roast Beef	27,310	29,452	8	5,153	6,574	28	22,157	22,878	3
Pizza	6,407	13,093	56	3,285	4,435	35	5,122	8,658	69
Mexican	2,477	3,766	52	1,050	1,637	56	1,427	2,129	49
Seafood	2,383	2,478	4	965	1,254	30	1,418	1,224	(16)
Pancakes, Waffles	1,600	1,619	1	427	509	19	1,173	1,110	(6)
Steak, Full Menu	8,487	9,926	17	3,788	4,944	31	4,699	4,982	6
Sandwich and Other	1,197	2,389	100	226	442	96	971	1,947	101
Total	58,936	71,764	22	16,884	22,995	36	42,052	48,769	16

Data estimated by survey respondents for 1984

Source: U.S. Dept. of Commerce; Restaurant Business

Business and personnel franchise services in particular are expected to continue to rise significantly for the next few years. Companies will need additional business and management consulting services to provide innovative marketing ideas geared to a better educated and more affluent consumer in highly segmented markets. The trend toward specialized contract services is expected to continue, boosting such business areas as maid services, repair and home remodeling, temporary help, health care, carpet cleaning, and the various maintenance cleaning services.

Other areas in franchising that bear watching and show signs of continued growth in the next few years are ice cream, yogurt and popcorn outlets, miscellaneous home furnishing stores, security systems, automotive aftermarket services, travel agency operations, and video equipment sales and rental outlets.

International markets

U.S. franchisors are currently in most major countries or are engaged in serious negotiations for the purpose of entering foreign markets, an indication that foreign nations have welcomed the entry of U.S. franchisors and that local laws and regulations have not been overly restrictive.

> Franchised restaurants of all types will continue to be the frontrunner and the most popular sector of franchising.

Franchising operations in foreign markets, however, involve many of the same problems confronting other business ventures. Language difficulties, differences in customs, and sometimes unpredictable government decision-making are examples of impediments all U.S. franchisors encounter when attempting to take advantage of opportunities in other countries.

Compared to other service sectors, the problems of franchise companies in accomplishing international transactions, are relatively less formidable. Franchisors must comply with the same local requirements as domestic businesses and the franchise agreements must comply with local contract law, antitrust law, and trademark licensing laws.

We know of no real trade barriers that discriminate specifically against U.S. franchisors. There are no specific regulations restricting franchise operations and no prohibitive laws governing franchising that differ from those which affect other types of business operations. Of course, some restrictions affect franchising more than other businesses but that is because of the nature of franchising rather than a foreign government's opposition to franchising as a system of distribution.

The populations in many foreign countries are young, and like to try new products and concepts. In addition, more and more women everywhere are going to work. This not only increases the family's disposable income, which is good for franchisors in the service and consumer products businesses, but it also reduces the amount of time spent in the kitchen and increases the demand for food purchased away from home.

Other developed countries are increasingly exhibiting the same attributes which fostered the surge of service industries in the United States. These attributes include rising disposable personal income, growing demand for consumer goods and services, expanding ur-

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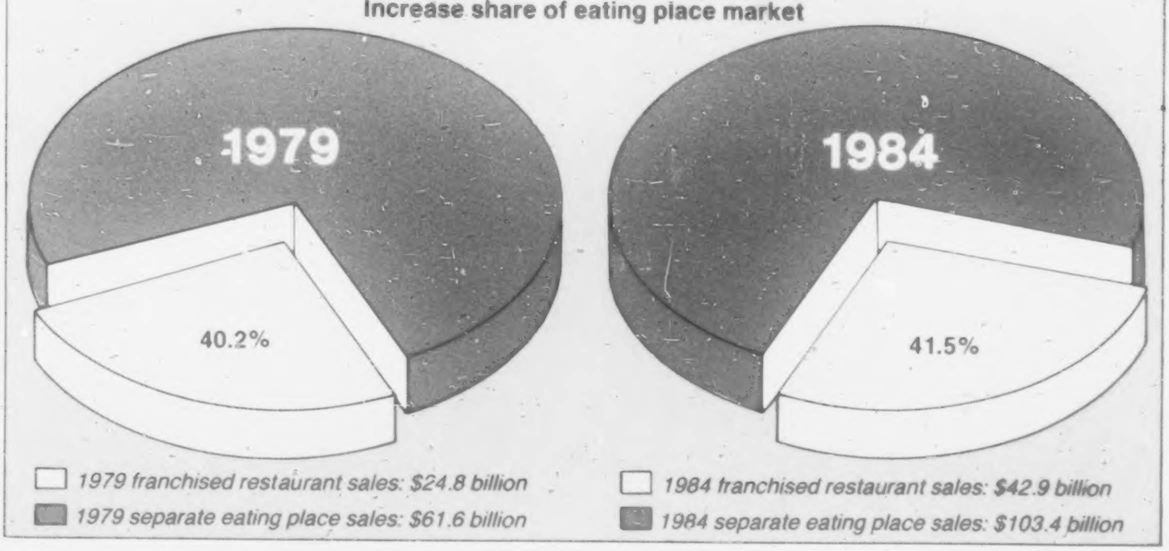
Franchised Restaurant Chains

Increase share of eating place market



banization, and higher consumer mobility.

The Department of Commerce survey reveals that 305 U.S. franchising companies operated 25,082 outlets in foreign countries in 1983; this compares with 295 franchisors with 23,524 outlets in 1982.

Furthermore, an additional 127 companies have indicated that they are considering extending their U.S. operations to foreign countries by the end of 1986. This interest has been expressed mostly by small- and medium-sized franchisors, marketing a variety of services and products.

Of the companies seeking foreign markets, 30 are franchisors of business aids and services and 27 are restaurant franchisors.

Canada continues to be the dominant market for U.S. franchisors despite its declining share of U.S. foreign outlets. In 1982, 30 percent of all U.S. foreign franchised outlets were located in Canada, down from a high of 46 percent in 1971. A total of 217 U.S. franchising firms with 7,765 units operated in Canada in 1983, predominantly in restaurants (1,539), nonfood retailing (1,306), and business aids and services (1,003).

Japan is the second largest market for U.S. franchisors; 69 percent of which represent the food categories.

Japan continues to be the second largest market for U.S. franchisors with a total of 5,079 units, of which 69 percent represent various food categories such as restaurants, donut shops, ice cream stores, and convenience food stores.

The United Kingdom ranks third with 2,229 outlets, while 4,370 outlets are located in all of Continental Europe.

Changes in ownership

Changes in ownership in 1983 involved 9,996 units belonging to 984 franchisors. These changes included conversions to franchisee-owned or to company-owned operations, and discontinuation of either company-owned or franchisee-owned outlets. Units discontinued may include businesses that failed, but the number of failures is unknown. However, we should note that the number of units discontinued—for whatever reason—is relatively low, 3.2 percent in 1983 for franchisee-owned units.

Specifically, 549 outlets were repurchased for company-ownership, while 1,069 were converted to franchisee-ownership. As in previous years, the largest portion of these changes occurred in the restaurant sector of franchising. The number of establishments discontinued in 1983 stood at 8,378 of which 1,473 were company-owned and 6,905 franchisee-owned.

Since 1975, the trend in franchising has reflected an increase in conversions of company-owned units to franchisee-ownership.

Failures and departures

A total of 56 franchisors operat-

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U.S. FRANCHISED RESTAURANTS
Number of Establishments by State: 1983

State	Total	Company-Owned	Franchisee-Owned
Alabama	1,134	380	754
Alaska	96	5	91
Arizona	940	309	631
Arkansas	670	141	529
California	6,803	2,404	4,399
Colorado	1,120	346	774
Connecticut	550	165	385
Delaware	123	43	80
District of Columbia	118	63	55
Florida	3,324	1,235	2,089
Georgia	1,981	848	1,133
Hawaii	190	72	118
Idaho	238	33	205
Illinois	2,981	979	2,002
Indiana	2,160	719	1,441
Iowa	997	291	706
Kansas	959	336	623
Kentucky	1,394	481	913
Louisiana	1,122	442	680
Maine	155	39	116
Maryland	797	377	420
Massachusetts	708	238	470
Michigan	2,528	880	1,648
Minnesota	1,241	416	825
Mississippi	737	129	608
Missouri	1,543	626	917
Montana	202	16	186
Nebraska	512	183	329
Nevada	282	132	150
New Hampshire	127	32	95
New Jersey	1,048	281	767
New Mexico	489	144	345
New York	2,058	535	1,523
North Carolina	1,684	515	1,169
North Dakota	198	16	182
Ohio	3,433	1,190	2,243
Oklahoma	1,277	484	793
Oregon	742	190	552
Pennsylvania	2,164	784	1,380
Rhode Island	109	33	76
South Carolina	882	287	595
South Dakota	200	32	168
Tennessee	1,468	544	924
Texas	5,792	2,232	3,560
Utah	383	98	285
Vermont	57	5	52
Virginia	1,423	419	1,004
Washington	937	282	655
West Virginia	509	131	378
Wisconsin	1,281	338	943
Wyoming	179	21	158
TOTAL	62,045	20,921	41,124

Represents 92 percent of total establishments.
The remaining eight percent were unable to provide a geographic breakdown for this report.

ing 2,165 outlets failed during 1984, according to the U.S. Department of Commerce survey. The volume of 1983 sales represented by the failed firms amounted to $480 million, of which the franchisee-owned portion was $373 million. Of the total business format franchising sales of $111 billion in 1983. The lost volume represents 0.4 percent. In addition, 63 companies decided in 1984 to discontinue franchising as a method of doing business; these companies operated 1,168 units in 1983 with $216 million in sales, of which 990 outlets with $155 million in sales were franchisee-owned.

Renewals and terminations

In 1983, 11,854 franchise arrangements came up for renewal, of which 10,707, or 90 percent, were renewed and 1,147 were not. Of the latter, 451 were not renewed because of objections by the franchisor, 380 because the franchisee did not wish to renew, and 316 by mutual agreement.

There were 6,906 terminations of franchise agreements in 1983, of which 2,577 were terminated by franchisors: 1,458 for nonpayment of royalties or other financial obligations, 220 for the franchisee's failure to comply with quality control standards, and 899 for other reasons not identified. Franchisees were responsible for terminating 3,867 franchise agreements, while an additional 462 were terminated by mutual consent.

A total of 3,634 franchisees in 1983 asked permission from their franchisors to sell their franchises to other businesspersons; all but 110 transfers were approved.

Food and beverage sales for franchised restaurants neared $43 billion in 1984; up 14 percent in 1985.

Retail franchising

Real growth in disposable personal income, moderate inflation and the availability of credit should keep consumer spending strong. Food stores remain America's largest retail industry and when combined with eating and drinking places, food accounts for 31 percent of all retail sales in 1984.

Retailing dominates franchising, accounting for 87 percent of all franchising receipts in 1984. The retail sales of all firms associated with franchising reached about $421 billion in 1984, or 33 percent of all U.S. retail sales estimated at $1.3 trillion.

Continuing economic improvement and slower rising prices will prompt greater consumer expenditures and boost retail sales. Competition for market share will go on as retailers continue to close marginal stores and replace obsolete units with larger, more efficient ones. Shopping patterns are likely to change as many consumers are expected to share their shopping budget among several competitors. Retailers are also expected to invest heavily in remodeling to appeal to shoppers. Growing interest in foreign markets will prompt some retailers to expand abroad.

Restaurants

In recent years franchised restaurant chains have experienced longer hours of operation and this trend should continue through the remainder of the 1980s. Increased hours of operation are the result of the spreading availability of breakfast menus, the need to boost unit-level return, introduction of new products at a faster rate, movement of new units to inner city and superhighway locations, and drive-thrus.

Food and beverage sales for franchised restaurants of all types, which reached almost $43 billion in 1984, are up 14 percent, to $49 billion in 1985. Franchised restaurants numbered 67,528 in 1983, increased to 71,764 in 1984, and are expected to rise to almost 79,000 in 1985. The highest concentrations of franchised restaurants continue to be in California, Texas, Ohio, and Florida.

Employment in the franchised restaurant sector was 1,954,646 in 1983, up from 1,815,086 a year earlier, a rise of eight percent. Employment in the franchised restaurant industry accounts for 38 percent of employment in the franchised system as a whole and should continue to rise in the next few years. Furthermore, franchised restaurant employees accounted for an estimated 40 percent of all persons employed in eating places in the United States.

Entry into the restaurant franchising system, mostly by small companies, continued in 1983 with a net gain of eight franchisors bringing the total to 466.

During 1984, 12 franchisors with a total of 391 restaurants (190 fran-

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INTERNATIONAL RESTAURANT FRANCHISING IN 1983
Location and Number of Establishments*

Major Activity	U.S. Firms	Total	Canada	Mexico	Caribbean	United Kingdom	West Europe	Australia	Japan	Other Asia	South America	Africa	New Zealand	Central America
Chicken	7	1,621	38	67	114	369	37	222	436	130	11	144	42	11
Hamburger	14	2,811	1,149	0	89	169	384	191	596	148	32	0	17	36
Pizza	15	498	87	32	41	3	34	127	52	70	0	8	24	20
Mexican	7	83	61	0	17	0	0	2	0	1	1	0	0	1
Seafood	3	18	6	0	0	0	0	0	5	7	0	0	0	0
Pancakes	2	12	3	0	0	0	0	0	8	1	0	0	0	0
Steak	14	470	192	20	2	1	0	10	237	8	0	0	0	0
Sandwich	2	3	3	0	0	0	0	0	0	0	0	0	0	0
Total	64	5,516	1,539	119	263	542	455	552	1,334	365	44	152	83	68

*Includes company-owned, franchisee-owned and joint ventures
Source: U.S. Dept. of Commerce

chisee-owned) went out of business, while 16 franchisors with a total of 141 restaurants (118 franchisee-owned), decided to abandon franchising as a method of expansion.

There were 13 big franchisors with over 1,000 units each in 1983, one less than the previous year. Combined, they represented 52 percent of all restaurants in the franchise system, or 35,021 restaurants, of which 24,790 were franchisee-owned and 10,231 were company-owned. They also represented 58 percent, or $22 billion, of total franchised restaurant sales, of which $16 billion were by franchisee-owned units.

As many foreign countries improve their standard of living and evolve into more service-oriented economies, receptiveness to American-style franchising will continue to create export opportunities for U.S. franchisors despite increased competition from local firms and other international firms.

In 1983, 64 restaurant franchisors operated 5,516 units in foreign countries. Another 27 franchisors plan to extend their operations to foreign countries by the end of 1986. The largest market for franchisors of restaurants is Canada followed by Japan.

In 1983, a larger number of restaurants were converted to franchisee-ownership than were repurchased for company operation. Most of the buy backs were temporary with the intention of reselling them to prospective franchisees at a later date.

Convenience stores

Convenience food stores are an important factor in food retailing. Because of changing demographics and lifestyles, they have expanded rapidly, evolving into a large and sophisticated segment of food retailing. Many resemble scaled-down, modern supermarkets and offer on-premise foodservice facilities and self-service gasoline.

Currently, foodservice—restaurant style foods and beverages prepared in the store for consumption elsewhere—are becoming more important. Almost all convenience stores offer some type of foodservice, at least hot beverages and fresh pastries. Many stores offer a wide variety of foodservice items: cold sandwiches, hot sandwiches, pizza, and fried chicken. Many stores have installed bulk soft drink (post-mix) dispensing apparatus because of higher profit margins compared with bottled beverages.

Despite intensified competition from supermarkets offering extended hours and Sunday shopping, convenience store sales moved up 10 percent, to $11.2 billion in 1984. The number of franchised stores in 1984 was reported to be 15,331, up 4.4 percent in stores.

DONUT SHOPS (19 franchisors)

	Sales ($000)			Units		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
1983	690,894	88,923	601,971	2,177	216	1,961
1984*	771,508	94,456	677,052	2,322	212	2,110
1985*	863,253	101,973	761,280	2,543	217	2,326

**Data for 1984 and 1985 estimated by respondents*

ICE CREAM/YOGURT STORES (45 franchisors)

	Sales ($000)			Units		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
1983	965,285	61,307	903,978	6,322	186	6,136
1984*	1,109,503	60,778	1,048,725	7,265	222	7,043
1985*	1,325,891	88,869	1,237,022	8,755	261	8,494

**Data for 1984 and 1985 estimated by respondents*

Food retailing

The retailing of food by specialty food shops, ice cream stores, coffee services, donut shops, bakeries, cookie shops, candy stores, nut stores, and others, amounted to $9.3 billion in 1984, eight percent over the previous year. Sales in this category in 1985 are expected to reach $10.4 billion. In 1985, the number of units is expected to rise to 19,204, a jump of 14 percent over the previous year.

Two of the better known groups in this category are donut shops and ice cream and yogurt stores. The sales and establishments for these specialty stores for 1983-85 are listed in the accompanying tables. In 1983, there were 19 franchisors of donut shops providing jobs for 28,328 employees. There were 45 franchisors of ice cream and yogurt stores in 1983, employing 44,483 persons.

Hotels and motels

Occupancy rates in the lodging industry should be about 68 percent in 1984 with a stronger showing in 1985. Business travel generally accounts for more than 60 percent of the rooms occupied, with the balance split almost equally between pleasure and convention travel. Pleasure travel, although influenced inevitably by fluctuations in the economy, has grown steadily in recent years.

There is a trend among hotel chains to provide a variety of locations and hotel types to meet all levels of the market rather than a specific market segment. This diversification may take the form of luxury properties, an all-suite chain, a line of moderately-priced hotels, and a budget chain. New rooms coming available are mostly in the budget hotels, airport hotels, and all-suite properties.

Hotel, motel, and campground franchisors in 1984 represented 7,224 establishments, with receipts estimated at $13.6 billion. Receipts are expected to rise eight percent in 1985 over 1984, reaching almost $14.6 billion. Total receipts for the

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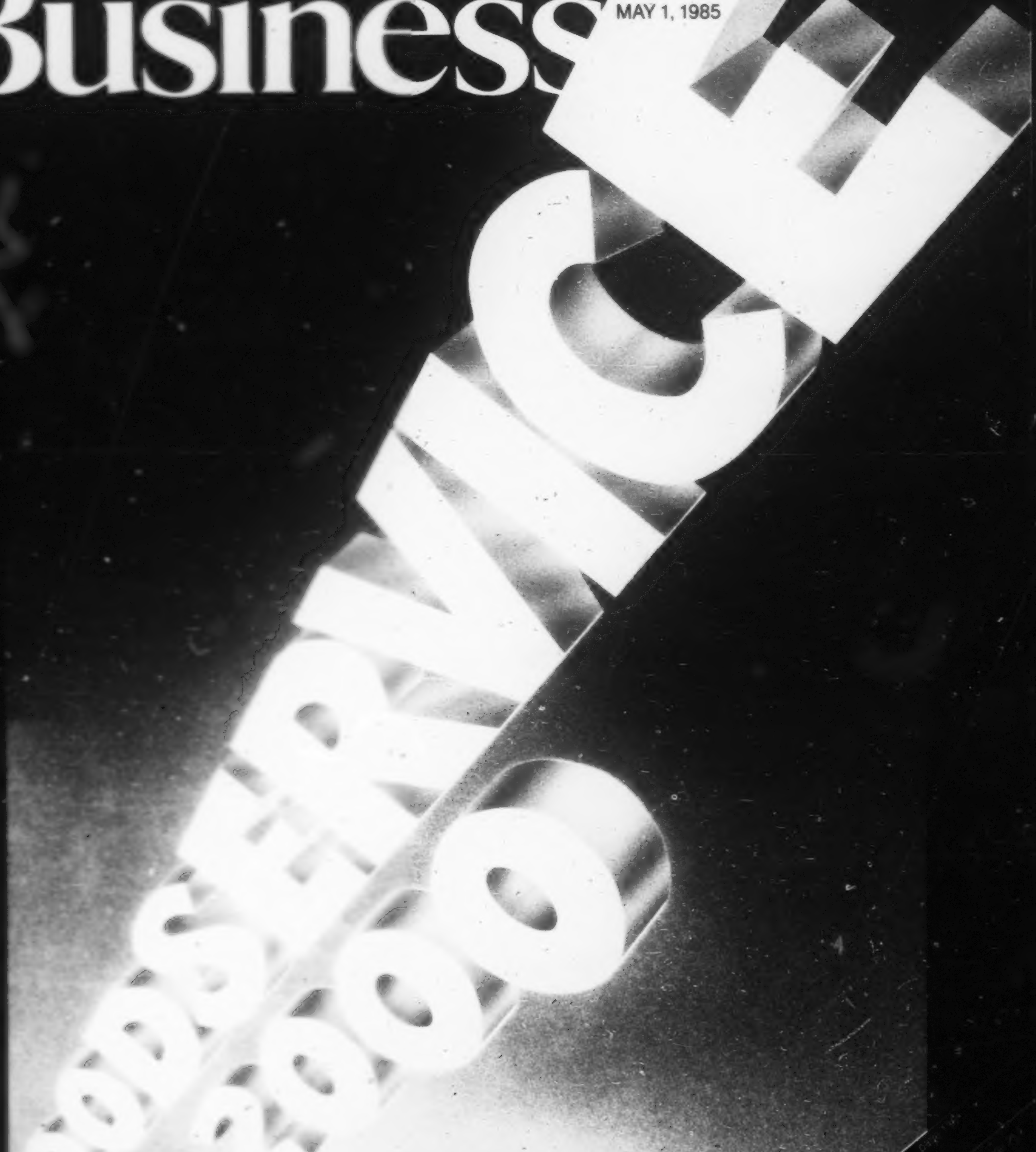
Restaurant Business

MAY 1, 1985


FOODSERVICE
2000

A look at Levy

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May 1, 1985 VOL. 84 NO. 7

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Ad Age cites burger ads

In a move that can only intensify the Battle of the Burgers, the editors of *Advertising Age* included all three top-tier burger companies—Wendy's, McDonald's, and Burger King—in its 24th annual selection of "The Best TV Commercials of the Year." A total of 78 commercials from all sectors of business were cited as having met *Ad Age's* criteria of "exhibiting creative flair and demonstrating marketplace effectiveness." Fourteen hundred entrants were viewed.

The fast food kudos went to Wendy's now-famous "Where's the Beef?" (created by Dancer Fitzgerald Sample); to McDonald's "Stranger in the House," (Leo Burnett Co.); and to Burger King's "The Facts of Life," with its squealing-and-groaning young girls comparing broiling with frying (agency: J. Walter Thompson USA).

According to *Advertising Age*, winning spots were typified by such characteristics as "unusual, attention-grabbing ideas that strongly identify with the product; excellent writing, acting and directing; good music and top-notch photography.

El Pollo Asado franchise

Pizza Inn Inc., of Dallas has signed a franchise agreement with El Pollo Asado Inc., Phoenix, for the conversion of a Pizza Inn unit in Phoenix to the El Pollo Asado fast food chicken concept. According to F.J. Spillman, president of Pizza Inn, the agreement will give the company the opportunity to experiment with converting a marginal unit to a concept which has proven successful in a new market niche. "Many customers are looking more and more to fast food concepts to offer healthy, nutritious and tasteful food, lower in calories and cholesterol. We believe the El Pollo Asado concept meets the market need as well as offering our company an additional opportunity for expansion and redeployment of assets."

El Pollo Asado, founded in 1983, specializes in charbroiled chicken marinated in fruit juices and herbs and spices. With five company and four franchised units, 1984 revenues totaled $785,000; revenues for the first three quarters of fiscal 1985 were nearly $1.85 million. El Pollo Asado has announced signing of commitments for 18 additional restaurants.

Fast food ad spending

National fast food chains increased radio advertising expenditures by 36.5 percent in 1984, ac-

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For information circle number 27 →

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For information circle number 180

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cording to a recently-released report by the Radio Advertising Bureau (RAB). Total expenditures were $87.9 million in 1984, up from $64.1 million in 1983.

Pillsbury led all radio advertisers, spending $11.9 million in 1984 to advertise its Bennigan's and Burger King subsidiaries, a 29.6 percent increase over 1983. Other leading chains advertising on radio were Pepsico for Taco Bell, with a 145 percent increase to $8.8 million; Ralston Purina for Jack-in-the-Box, an 18.7 percent increase to nearly $8 million; McDonald's, reflecting an 84.2 percent increase to $3.8 million; and Black Angus, up 37.2 percent to $2.6 million. Church's increased its 1984 spending by 408 percent, to $2.33 million; and Horn & Hardart upped spending for Bojangles' by 417 percent, to $1.8 million.

"Radio is a natural vehicle for fast food advertising," comments Kenneth J. Costa, vice president of marketing information at the RAB. "Radio moves with the customers and reaches the prospective customer closest to the point-of-purchase."

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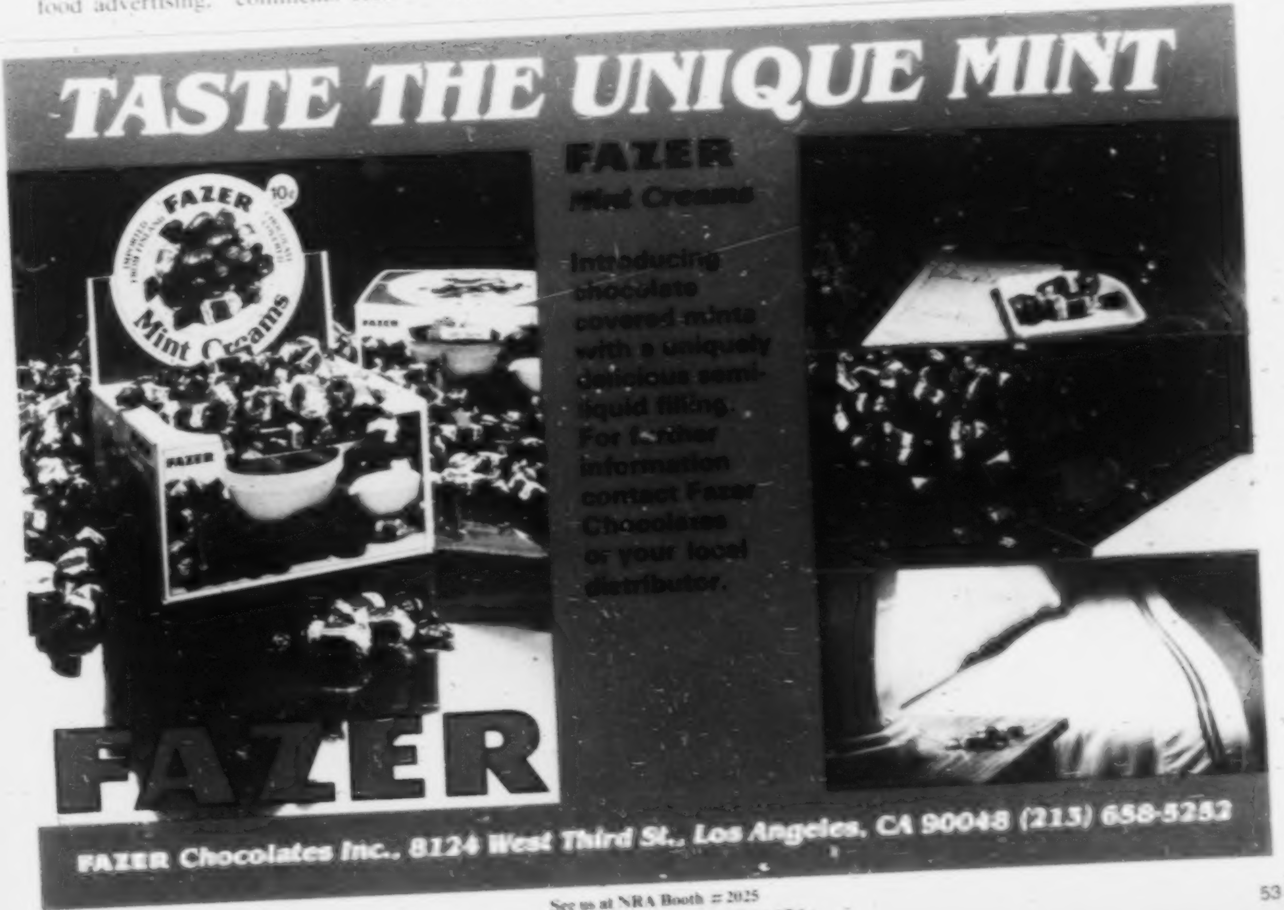
Top 20 Fast Food Radio Advertisers

Chain	1984*	1983*	% Change
Pillsbury Co. (total)	11,974.0	9,235.7	+ 29.6
(Bennigans)	7,975.1	4,816.8	+ 65.6
(Burger King)	3,951.6	4,306.2	− 8.3
PepsiCo (Taco Bell)	8,791.8	3,588.5	+145.0
Ralston Purina (Jack In The Box)	7,919.3	6,672.6	+ 18.7
McDonald's	3,827.4	2,077.3	+ 84.2
Domino's Pizza	2,750.5	3,277.4	− 16.1
Black Angus	2,582.1	1,881.4	+ 37.2
Krystal	2,517.7	1,653.6	+ 52.3
Victoria Station	2,516.8	1,440.8	+ 74.7
Church's	2,332.9	458.9	+408.4
Hardees	2,288.8	2,298.6	+ 0.4
Horn & Hardart (Bojangles)	1,810.8	350.1	+417.2
Round Table Pizza	1,677.8	1,198.0	+ 40.1
R. J. Reynolds (KFC)	1,594.3	976.3	+ 63.3
Dunkin' Donuts	1,489.4	382.9	+289.0
Carl's	1,471.1	809.8	+ 81.7
Denny's/Winchell's	1,419.8	850.3	+ 67.0
White Castle	1,412.7	1,361.6	+ 3.8
Marriott (Roy Rogers, Big Boy)	1,405.0	690.6	+103.4
Howard Johnson's/Ground Round	1,313.3	1,365.0	− 3.8
Chick-fil-A	1,144.2	574.9	+ 93.8
Total Restaurant Category	[illegible]	[illegible]	[illegible]

*figures in thousands



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For information circle number 181

Restaurant Business Cover Story

FOODSERVICE 2000

What will the world—and foodservice in particular—be like in the year 2000? RB editors Alexa Bell, Rona Gindin, and Joan Lang posed that question to dozens of experts, in and out of the industry. The result: Many intriguing observations and thought-provoking ideas. While no one can claim access to a crystal ball, some distinct impressions emerged. The market's bound to be a tough one, with chains and independents, fast food and fine dining, jostling for the attention of a consumer who will be older, busier, richer, and wiser. Technology will lend a hand; so will a global distribution system in which almost anything can be at the back door in a trice. There will be fewer teenagers to make up the labor pool, a situation which may or may not be ameliorated by an influx of immigrants. The concept of mass marketing, in an era when society will be highly fragmented and specialized, will be nearly useless. People, exposed to the experiences of the entire world by a burgeoning network of information, will suffer no shortage of quality and service. One thing is certain about the outlook for the future of foodservice: to succeed in 2000, everything you do had better be done right!

If you think today's customer is demanding, you haven't seen anything yet. Tomorrow's customer is going to be *really* fussy. He'll demand greater choice, more service, better quality, and food when he wants it and where he wants it.

Forget about foodservice on Alpha Centuri, pellets that turn into pickled beets, and a robotic maitre d'. Although these may all be feasible—technically—in the year 2000, your customer isn't going to want them. What he is going to want is what he has always wanted: quality, variety, value, convenience, and service. Only more so. You, however, will have myriad new ways to make these demands possible. Just imagine....

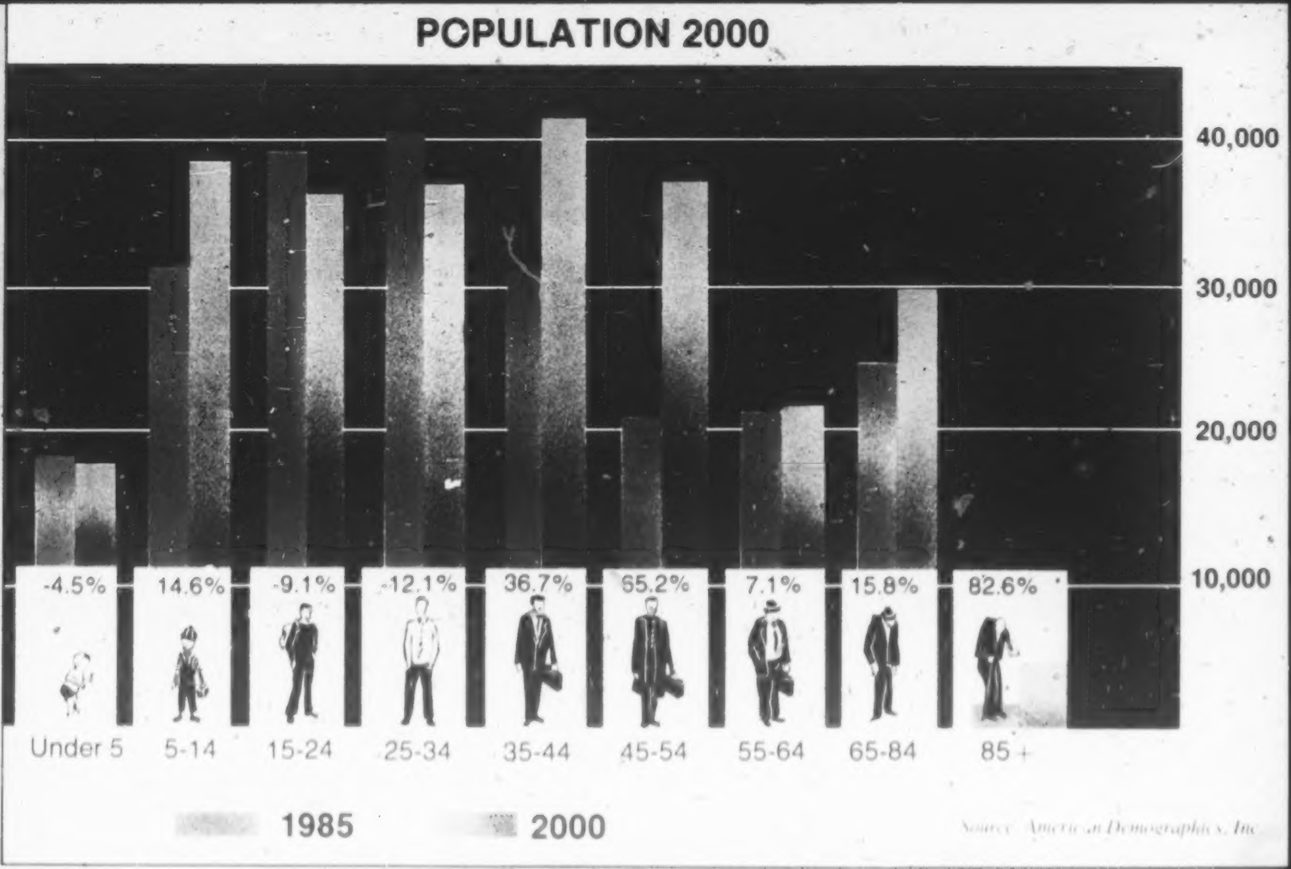
- Dashing out for lunch, tomorrow's consumer drives his solar-powered car to a fast food outlet known as FreshFast. He inserts his money card and inputs his lunch choice directly onto a sensitive membrane screen. The menu board, which lists a wide variety of foods ranging from fresh soy products to fruit juice, hamburgers and teriyaki, displays nutritional information about each item. The amount of the bill is deducted electronically from his checking account, and seconds later his order comes up through a rotating drum, packaged and ready to go. His receipt contains both total expense and calorie count.
- Preparing for dinner, a woman turns to the computer on her desk. She calls up the file for Getaway Gourmet, a citywide take-out and delivery service. She reads the menu on her screen, and selects two orders of linguini, salad of radicchio and white asparagus, and chablis for herself and her husband. For her son, she orders fettucine, salad, and a soft drink. At 7:30 that evening, the Getaway Gourmet truck pulls up at her door and a smiling young man enters her house with a thermostable carton. Inside, the hot food is hot, the cold food is cold. Included with the meal is a rose in a clear disposable vase.
- Across town, a couple is celebrating an anniversary at their favorite restaurant. The new cuisine is being served—the critics have dubbed it "Cosmopolitan Cuisine"—that combines the best of all possible influences from around the world. The decor is intensely sensual, with intimate booths, richly colored surfaces, and comfortable, deep cushions. The service is also extremely personal, and there are no computers in sight. This restaurant is shaped like a semi-circular theater, and at center stage is renowned chef Jacques Tsu, creating his art in an exhibition kitchen.

Consumer 2000

If you think today's customer is demanding, you ain't seen nothin' yet: Tomorrow's customer is going to be *really* fussy. He will demand greater choice, more service, better quality, and food when he wants it and where he wants it. He will continue to eat both at home and at work, but when he goes to a restaurant he will want the highest artistry possible. He will want restaurants that accommodate his busy lifestyle, and when he's older, restaurants that meet his dietary and social needs. He will even have more money to get what he wants.

If there is any one thing that the market statistics tell us, it's that the consumer is changing. Of particular note is the fact that he's aging. According to the U.S. Bureau of the Census, the estimated median age of the population as of July 1985, will be 31.4 years; by 2000 it will be 36.3. This increase is due to the shifting age group structure of the population as the huge baby boom generation matures and the fact that the birth rate is declining. By 2000, in fact, the group aged 35 to 54 is expected to swell by more than 26 million and traditionally, these "middle aged" are in their prime earning years and spend more on away-from-home dining.

Many experts point to the "graying of America," and indeed, the ranks of men and women aged 65



POPULATION 2000

Source: American Demographics, Inc.

and over are swelling more than any other. In fact, by 2000 there are expected to be nearly 5 million people over the age of 85—the fastest growing age group—and something like 100,000 people over the age of 100. The opportunities for health and retirement care are obvious, but considering lifestyle changes emphasizing fitness and wellness, coupled with certain medical advancements, there are going to be a lot more healthy active seniors around with the time and inclination to eat out.

Certain segments of the population—notably teens and young adults aged 15 to 24, and people in the 25-to-34-year-old market—will decline in number, causing many experts to predict a shortfall in the entry-level labor force and a "buyer's market" in which employees will have more leverage than employers. Moreover, by 2000, employment alternatives such as flex time, part time, and time sharing (two employees filling a single job), are expected to be much more prevalent. It is important to note, however, that a liberalized view towards immigration and advances in technology and productivity might take up the slack.

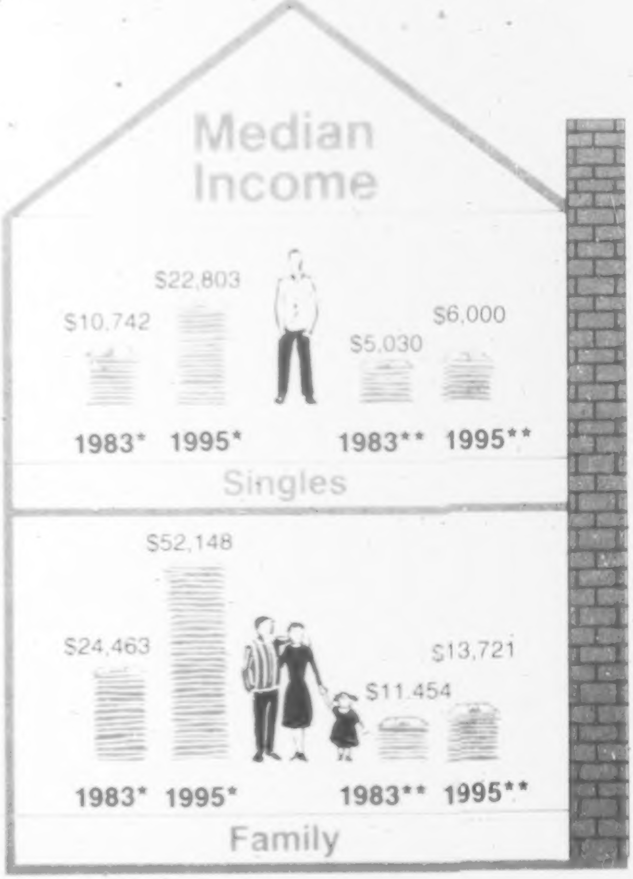
There will be almost 7 million more women than men in the year 2000, compared to 6.3 million now. *American Demographics* magazine publisher Peter Francese believes that in that year, women will have the majority in the workforce as well. Many believe that within 15 years, women's salaries will have caught up with men's, particularly since women entering the workforce in the 60s and 70s were relegated to such "soft" tasks as communications, planning, and personnel, all of which will be crucial components of the service-based economy of the next several decades.

The share of women who are working is increasing dramatically: According to Melinda Skaar, an economist with Data Resources, Inc., 58.7 percent of the female population aged 16 and over will be working or actively seeking employment in 1995, compared with 53.6 percent last year and only 43.3 percent in 1970.

CHART BY BOB CONRAD; ANDREA GELLER

Today's shifting family and household income patterns imply more discretionary dollars in 2000. Birth rates are dropping and more couples are delaying childbirth, a pattern which can be expected to continue given women's continued place in the workforce. Moreover, if present trends continue, there will be many more "nontraditional" households: more singles (divorced or never-married) living collectively and alone, and more one-parent-headed families. Although the number of marriages is higher today than a few years ago, the number of married couples with children has actually been declining. Best of all, median family household income is expected to trend upwards: in 1983, income was $24,463; by 1995, it should hit $52,148. (In 1972 constant dollars, this equates to $11,454 and $13,721, respectively—an increase of nearly 20 percent.)

In addition to these shifts, the population will also change geographically. Americans are headed South and West—although at a slower rate than in the 1970s—to California, Texas, and Florida, and to Arizona, the Carolinas, Virginia, and Tennessee. Though some cities in the Northern industrial states will lose citizens, the population decline these areas suffered during the 70s has been reversed somewhat, in part because the 80s' baby boomers have fueled an "urban renaissance" in many older downtowns.



* *in real terms*
** *adjusted for inflation: in 1972 constant dollars*   *Source: Data Resources, Inc.*

The big news, however, is the growth of the nonmetropolitan area. According to Michael Annison, founder/president of the trend-spotting Westrend Group Ltd. organization, by 2000 there will be more population in so-called "secondary cities" and smaller communities outside but within 50 miles of major cities as employers escape the escalating costs of doing business in urban areas. Services—including restaurants—will follow.

The profile of regions is also changing. For instance, by 2000, the majority of the country's older people will be in the more stable heartland. Half of the jobs in the U.S. will be located in just 30 metropolitan areas, mostly in the South and West, according to the National Planning Association, including large metropolitan areas like Houston, Los Angeles, and Denver, and rapidly growing smaller cities like Austin, Tucson, and Raleigh-Durham. Moreover, continued immigration of foreigners, particularly Hispanics and Asians, will drastically affect the population mix of many states.

Consumers in 2000 will display distinctly cosmopolitan values and habits, as ours will be a global society. Travel, education, and a burgeoning supply of information—via computers, satellites, videos, and the printed word—will enable most consumers to share in the experiences of the world. Transportation systems that bring fresh foods overnight to America's cities from all parts of the world—along with every sort of import—will adapt consumers to a perpetual cornucopia of goods.

Most experts agree that consumer interest in health and fitness is here to stay, and the consumer of 2000 will definitely want that option. It won't be health food in the sense of carob and macrobiotic sprouts however, as Taco Bell marketing senior vice president Larry Higby points out. "We're talking about fresh, nutritious food which tastes good," he insists. "Taste will still be the critical factor." Long-term historical trends away from items such as beef and pork and towards vegetables, fruits, poultry, and fish, may very well continue. Also likely will be smaller but perhaps more frequent meals.

According to Corinne Kuypers Denlinger, vice president of the Naisbitt Group, because more people will be working they will be making far better use of their time, particularly their leisure time. Anything that is convenient or time-saving will appeal, and all aspects of the leisure industry will grow, including travel.

The role of the home will change, but so will the role of public places such as restaurants. Many factors point to busier lives—the continuation of the two-career family, an increase in the number of women reaching executive status and spending more hours on the job, the need to devote time to children outside of work hours, and increasing entertainment options—and one of the ways consumers will ease the burden is by moving a number of functions into the home.

As the two- or even three-computer home will become standard in the 90s, working from the home will become much easier, home education may increase, and certainly home entertainment will be more sophisticated.

Although cooking at home might be an inconvenience, eating at home will fit right in. Take-out and delivery services will be in great demand. Those who continue to work in an office will demand with equal vigor the option of eating breakfast and lunch at work.

When consumers do choose to go out, notes Richard Good of R.T. Good & Associates, they will do so because they seek a specific environment or product that they cannot get at home. And, despite two-income families, rising housing costs will shrink the size of rooms in general and kitchens in particular, and we should see a new phenomenon: the restaurant-as-living-room. Entertainment, business and social activity will increasingly take place in restaurants.

We as a society will be several generations past the Depression Era mentality which dictated that extra money be put in the bank, not "frittered away" on such luxuries as restaurant meals. By the turn of the century, the view that experiences such as dining out actually make a hard-working, cosmopolitan lifestyle possible, not to mention more exciting, will be the norm.

The availability of information, coupled with an educational profile in which one out of four people will have a college degree by the year 2000 (compared with one in five today), implies adventurousness and curiousity as well as high expectations and a healthy dose of skepticism.

Shoddy experiences will not be tolerated, and quality—in food and service—will have to be a perpetual goal. Robert Nyman, chief executive officer of the George Lang Corp. in New York, notes, "Already consumers are being bombarded by 'the best.' They'll go anywhere they think 'the best' is. As the going-out public becomes more refined, they'll become even more driven."

The children of today's baby boom generation, exposed to global influences from birth and raised by parents with an unerring nose for quality, may be the ultimate connoisseurs. If a child snubs sweet and sour pork in favor of Peking duck at 12, what will excite him at 25? "The next generation will be even more demanding than this one," concludes the Lang Corp.'s Nyman.

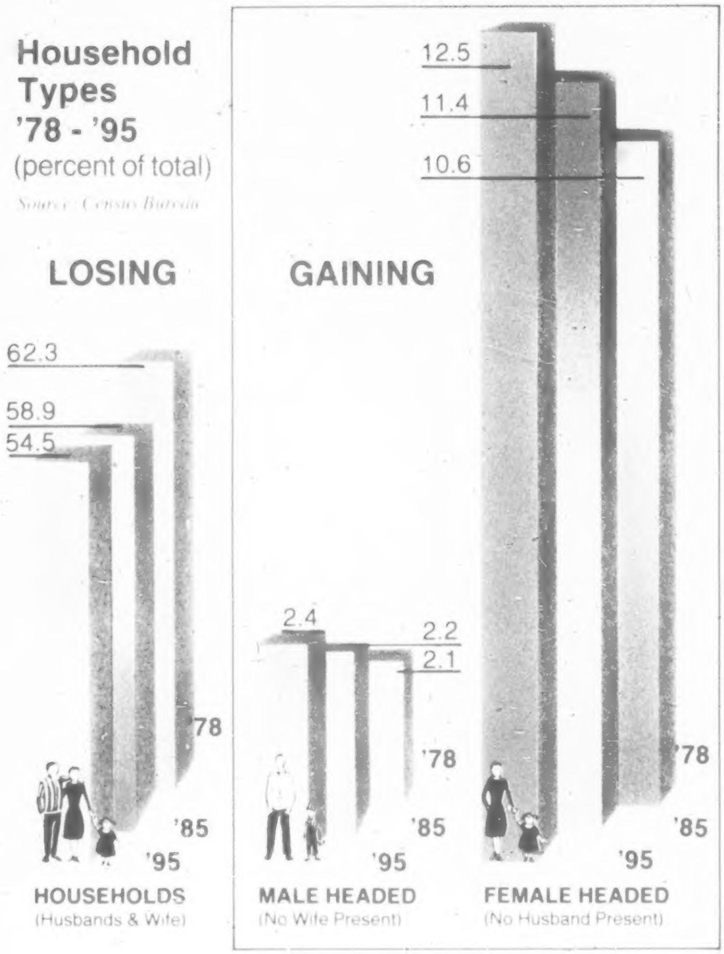
Other speculations about this youngest generation include increased job specialization, continued conservativism, and, perhaps, a return to closer families as people begin working at home more.

Westrends' Annison expects a strong sense of de-institutionalization among consumers in the year 2000. "We're seeing the ascending empowerment of individuals, exemplified by concepts like public referendums, do-it-yourself home building, and self-banking." Moreover, adds Annison, consumers are demanding options. "We've gone from a production to a consumer environment. The consumer will have more power than ever in 2000."

The economic outlook

The economy of the year 2000 will be undeniably global in nature, just as society as a whole will be cosmopolitan. Rapid exchange of information, technological advances, and a favorable regulatory climate should accelerate an existing trend. Much of the U.S.'s future economic reality will hinge upon the country's ability to compete on a worldwide scale; today 70 percent of goods produced are globally competitive.

The feeling about the American



Household Types '78 - '95 (percent of total)

Source: Census Bureau

economy in general is upbeat. "We're on a roll that's going to continue," says Randy Fields, president of Fields Financial Corp. Despite the fact that it is clearly difficult to predict with certainty the course that the economy may take—in the last 15 years the U.S. economy has endured three recessions, two energy crises, and the weakening of the international banking system—Fields feels that there is every reason to believe that the outlook through the 1990s is very positive. The population is aging, he notes, and the older people get the more conservative their values. "Politics will follow, and conservative politics make for low inflation." Coupled with his expectation that the dollar will remain strong overseas—in fact establishing itself as a reserve currency—Fields puts the inflation rate of the year 2000 at four percent per year.

On the other hand, the U.S. government is predicting real growth in the economy (based on growth in the labor force and in plant capitalization) of four percent annually through 1990, but according to Robert Ortner, chief economist for the Department of Commerce, that rate can be expected to slow somewhat thereafter as the rate of population growth slows and the economy finishes taking up slack in resources idled in the most recent recession.

Christopher Katon, director of long term studies and a vice president for Data Resources, Inc., also takes a somewhat more conservative view. He believes that although the long-term outlook for capitalization is favorable, the slowing in growth of the labor force will be critical. Based on projections of real growth of three percent per year through 1990 and about 2.5 percent thereafter, Katon posits that the rate of real income growth, and thus consumer spending, will eventually lag; real personal income growth is expected to slow to the annual average rate of about 2.3 percent throughout the 1990s, compared with a rate of nearly five percent from 1963 to 1973. In Katon's scenario, inflation is expected to stabilize at about six percent.

Still, Fields expects that the labor force issue will not be as critical as some economists predict, as conservative sentiment coupled with the growing realization that the native-born base is shrinking will open wider the doors to immigrant labor.

Corinne Denlinger of the Naisbitt Group, on the other hand, sees an era of more jobs than people to fill them, noting that in today's economy more than 600,000 new companies are created every year, with a failure rate no higher than in the 50s when about 90,000 were formed annually. In the years ahead, she says, this suggests that 3 to 4 million jobs will be created every year while the number of new workers declines. "It will be a market in which even entry level employees will have to be more highly paid, and companies will have to change the way they operate in order to attract workers."

Michael Annison envisions a situation in which there is one great middle class, with the vast majority of the population making the turn of the century equivalent of $20,000 to $30,000 per year. Discretionary income, as a result, will go up. Away-from-home dining, for example, is already growing at a faster rate than at-home and should continue the pattern; according to Sandra Shaber of Chase Econometrics, away-from-home spending will grow at an annual rate of about 3.2 percent through 1993, versus at-home growth of only 2 to 2.5 percent.

Finally, George Rice has suggested that based on the supply and demand profile of the foodservice industry, in which the demand-driven seller's market of the 60s and 70s is a thing of the past, the industry as a whole is unlikely to ever again get "caught short" on demand as it was in the down years of 1979 through 1983. Fluctuations may occur in the economy, but the foodservice industry has learned not to overextend itself, and therefore its own ups and downs will be less dramatic.

The future of foodservice: A tough marketplace

Over and over we heard it from the experts we interviewed: To survive in the ultra-sophisticated 2000s, a restaurant will have to approach perfection—the food will be artistry, the service flawless, the environment consumately welcoming. "The nonessentials will become essential," warns Bob Nyman. "No more silly waiters, 3-day-long wine lists, pompous maitre d's."

To say that the foodservice business of the year 2000 will be a challenge is somewhat of an understatement. We see a tighter, market-driven environment ahead, characterized by an increasingly choosy customer base and an ever growing selection of restaurant options. Tightening land and labor resources will create additional pressures, as will spiraling marketing costs. "The industry will be very consolidated by the year 2000, making it much more competitive in the areas of marketing, product innovation, and service," suggests Charles Lynch, chief executive officer of Saga Corp. "The strong are going to get stronger."

An even more telling question: will the small survive at all?

Most observers agree that the early 21st century will favor big business. Chains—looking less like chains and more like neighborhood restaurants—will be well positioned for the 2000s. Their bigger budgets, greater professionalism and access to labor-saving technology will enable them to withstand high operating costs better than their independent competitors. As a result, more entrepreneurs will opt to franchise rather than to start their own businesses from scratch. "The reason is simple," says industry consultant Martin Cherneff. "Success is more likely with a proven concept."

The economics of business in the year 2000 will force franchisees into an increasingly sophisticated role. "Instead of opening a restaurant to 'buy a job,' the professional restaurateur of the future will be buying investment, annuity, and entree to big money," Cherneff suggests. As franchisees become big business, the mom 'n' pop licensee—already a vanishing breed—will get a shrinking portion of the pie. "Parent chains would rather deal with a few big franchisees than with many small franchisees," says Dick Good. "The efficiency factor is better this way."

Gone in the 2000s will be the solo franchise concepts of the 60s. The economies of scale will encourage franchisees to take on many concepts, and their parent companies will not object. Further, more franchisors will cross over to become franchisees. "The desired franchisee will be the professional wanting to expand," concludes Good.

If chains will be favored by next century's financial climate, what will become of the independents and small chains? This is a subject of passionate debate. "Marketing, training, real estate, and food quality will all demand more money and sophistication in the future. An independent may have a good concept but still find it hard to compete because of lesser resources," warns Dick Good.

"The young upstart companies you hear about today will never have made it," insists Don Smith, professor of HRI at Michigan State University. "The giants will jump into their niches and steal their thunder."

Yet, the current viability of small and mid-sized companies convinces others that there is still tremendous potential for the independent foodservice businesses. Indeed, Mark Levy, co-founder of the Levy organization in Chicago, believes it will be the independent restaurateur that has the advantage. "The independents have had to work hard to compete with the chains, but now they've learned from them. Their ability to marry quality, individual concepts with business savvy will create a lot of problems for chains."

Bill Fisher, executive vice president of the National Restaurant Association, concurs. "A well run, responsive independent operator will still be very much in evidence, because the restaurant industry is a lo-

cal industry," he says. Fisher also foresees a healthy future for small chains, if they carve their niche now.

Michael Annison of Westrend feels that society's general evolution towards individual control and away from institutionalization will cause growing numbers of restaurateurs to chose the independent route—regardless of business conditions. This would strike a note with American Culinary Federation executive director L. Edwin Brown, who believes: "People that work as many hours as is required in the restaurant industry want to work for themselves. They want to be the captains of their own destiny."

Changing markets

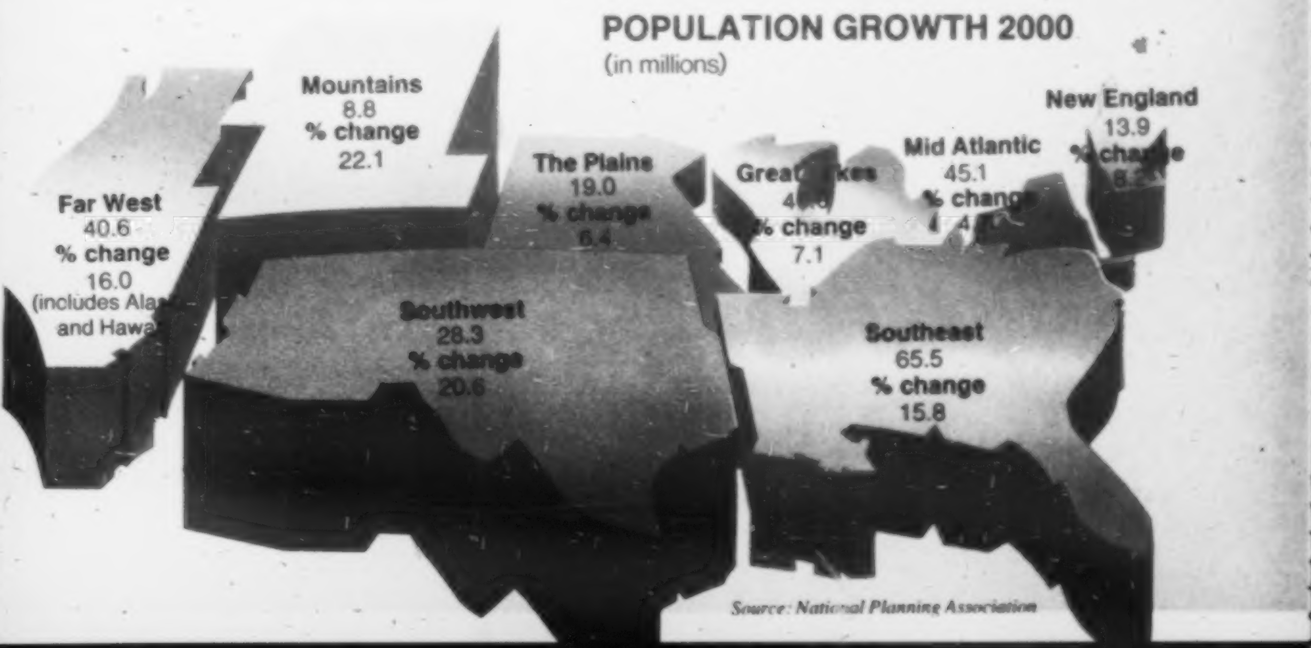
The changing nature of society and of consumers through the next two decades will impact the industry in many ways. In some markets, growth—and competition—will occur through crossing the boundaries into new forms of business. While independents, regional chains and industry titans battle among themselves for market share, they will also face strong new rivals in the grocery industry. Most industry observers believe that the competition from supermarkets and convenience stores is just beginning. Today's salad bars and homemade soups will give way to extensive take-out services and perhaps even on-premise eating. Convenience stores will replace their microwaves with grills. Even today, innovative grocery stores are marketing wine steward and catering services to customers. By the year 2000, this could lead to a situation where "grocery stores, convenience stores, and restaurants will be markedly indistinct," concludes the National Restaurant Association's Bill Fisher.

Yet, there is a dissenting voice regarding the encroachment of retail on foodservice. Ed Cornish of the World Future Society argues that supermarkets, at least, will not be competing with restaurants in 2000 for the simple reason that there may be no supermarkets. He foresees an arrangement by which people order their groceries via computer terminal. The computer might even be used as a small-scale inventorying system, automatically ordering oft-used staples. Payment would be directly from bank to purveyor, electronically, with no money changing hands.

Instead, various opportunities will exist in a number of specialized areas, particularly care of the aged and catering to the busy.

Caretaking

Health care and life care—already two of the fastest growing segments in noncommercial foodservice—will be booming. The country's growing "aging bubble" of people over 65 will significantly boost and change these segments. Dan Krpan, vice president, sales and marketing, for Canteen Corp, notes: "These people, in their 40s and 50s now, have a high level of expectation. They earn more and want more than their Depression-era predecessors. There is a tremendous demand to respond as this peak moves into old age." More freedom of choice in meal times, more menu variety and quality, better service, and more restaurant-oriented


POPULATION GROWTH 2000

(in millions)

Source: National Planning Association

MAP BY BOB [illegible]

amenities are all indicated.

Bill Edmunson, president of the the Health Care Nutrition Services Division of ARA, makes a point that as a group, acute care facilities are changing, and with them, opportunities for profitable foodservice. More work is being done on an outpatient basis, for instance, and in searching for profit niches, hospitals are specializing in elite medical areas such as cardiology and burn care. In the future, suggests Ferdinand Metz, president of the Culinary Institute of America, hospitals may also up their competitive value by dramatically improving their food. Hospitals are also trying to increase their viability by getting involved in nonpatient feeding: employee feeding, "meals on wheels," and providing meals to community centers.

Opportunities exist not only in traditional acute care hospitals and nursing homes, but in the growing area of "life care" or retirement facilities, where the level of medical supervision is minimal and residents are quite active. Alternative forms of care, such as convalescent homes (cheaper for the recovering patient than an acute care facility) and group living for the elderly, should also emerge as seniors seek to continue a high quality of life.

Take-out and delivery

The demand for convenience is one of the distinguishing characteristics of the baby boom generation; many experts think convenience will be even more of a necessity for their children. In the next 15 years, this demand is going to spark an explosion of take-out and delivery services that might alter the foodservice industry more than any other factor. The recent phenomena of gourmet take-out shops and supermarket foodservice are just precursors of this trend. "Soon, we will no longer be in the restaurant business" warns George Rice. "We'll be in the food delivery business."

The growth in number of working couples with children and the evolution of home as an entertainment center will be two of the the dynamics fueling the take-out boom. Parents seeking "quality time" with their children and others wanting to relax in their entertainment rooms will often want to eat—but not cook—at home. "Expense won't be an issue, as time will be more valuable to the consumer," notes Doug Higdon, vice president of training for Jerrico, Inc. "A lot of families will be able to afford this luxury."

It is possible that physical living conditions will reinforce the inclination not to cook. "Especially in larger cities where we'll have vertical lifestyles, living modules will be designed without kitchens," predicts Dr. Ronald F. Cichy, director of educational services for the Educational Institute of the American Hotel & Motel Association.

As more operators add or specialize in take-out and delivery, they will have to upgrade the quality of these services, adds Rice. "Consumers of delivered food will be very value-conscious," he says. "Food will be delivered at a specified time, with a more personalized approach."

Technology will play a major role in upgrading delivered food, Rice speculates. "I envision a truck pulling up to an apartment building, loaded from the outside like an airline cart. Inside, foods are kept warm, cool, lukewarm, and hot. The driver might assemble the foods into another container, and bring them into the house. A computer system will tell him exactly what to do, and who gets what."

The growing take-out market will favor some new business innovations, suggests Dick Good. One of these is a new breed of middleman: the delivery specialist who will promote and deliver the foods made by a non-delivering restaurant. Good also sees an increasing number of mobile restaurants. "There will be traveling kiosks, that can literally take a restaurant outlet to the people." Good foresees large-scale use of mobile restaurants at workplaces, sports events, and recreational events like air fairs.

R. Wray (Bob) Jones, vice president of food services for Neiman-Marcus, feels that the potential for department and specialty stores to tap into this market is equally tremendous. "There is a role as party assistant that we can fill," says Jones. By locating prepared food "boutiques" conveniently to entrances, shoppers can stop in to pick out some or all of an entertainment meal, while a coordinator can suggest additional dishes, wines, table settings, and attend to other details.

Hotels will also get in on the retail take-out action by adding retail outlets that sell baked goods, prepared foods and giftware, says Erik Erlandsen, manager of food and beverage development for Westin. Hotels will increasingly need added incentives to pull guests in and these types of products will be particularly appropriate "extras," he adds.

Mixed-use developments will help fill the convenience market, suggests Scott Ditch, of The Rouse Company. The Levy Organization's Mark Levy agrees, predicting that mixed-use, urban, and suburban developments will be the norm for the 21st century, combining commercial, retail, office, entertainment, and residential functions in one big plan.

The workplace

Business feeding is another area that will experience big changes in the near future. Say goodbye to the deli dash and the lunchtime cafeteria blues: 2000's weekday lunch is going to taste better and be more convenient than it is now. Many of the changes in store will involve upgrades in the total work environment.

One of the dynamics that will most affect foodservice is the geographic dispersal of workers. Most experts see the demise of the giant plant, replaced by the Silicon Valley prototype of at most several hundred people. Therefore, foodservice must be exciting enough to satisfy a demanding customer, but scaled down as the workplace gets smaller. Consequently, many employers may turn to a single, shared foodservice concept in multi-tenant office/industrial park environments. These facilities, available to all employees, will be exceedingly market-driven.

Those employers who remain in urban centers will be upgrading their foodservice for a variety of reasons. Jack Galione, of Corporate Food Services Inc., argues that employers will become more aware of the link between environment and productivity. In an effort to maintain high morale, he says, employers will provide corporate dining that closely mirrors the freestanding competition.

Bill Fisher suggests that office developers will start to sweeten their offerings by including foodservice facilities and health clubs in their original design. "Workdays will be broken up so employees will have flex time commensurate with their personal considerations. The 'lunch hour' will instead be a 90-minute 'meal break' during which people will likely spend 45 minutes eating in a convivial facility—potentially on-premise—and spend another 45 minutes exercising."

Dr. Joseph F. Durocher, associate professor at New York University's Center for the Study of Foodservice Management, believes that the lunch hour will be exended even further. "They'll stretch the lunch break to two hours so employees will have their own time to eat lunch and do errands," he says. "Workers will compensate by arriving at 8 and leave at 6."

Foodservice oportunities will not be limited to lunch, adds George Rice. "People are going to want that convenience, and this doesn't just mean lunch. There's no reason why people won't eat breakfast at work." Rice also sees a very profitable situation for operators who will provide snacks in the office and supply take-out dinners.

Restaurant outlook

There is much talk about segment blurring. As restaurants strive to meet tomorrow's higher standards, fend off the convenience store market, and lure people out of their homes, how will segments change? Two directions in market positioning in the year 2000 seem likely. There will be more and more diverse but specialized market niches: quick service family, sit-down family, ethnic, specialty, brasserie, urban fast food, take-out only; the list is perhaps endless. Yet, there will also be a great deal of segment crossover as certain types of restaurants attempt to appeal to the broadest possible base of consumers. Though seemingly contradictory, both directions are indicative of a single scramble to establish market share in a highly competitive environment.

A competitive squeeze and the demand for quality restaurants will create greater specialization, predicts Bob Nyman. "Fast food will

FOOD

The American bread basket is expanding. Our ability to farm food—and fabricate it, reconstitute it, granularize it, reversibly dehydrate it, and irradiate it, among other things—is growing by leaps and bounds. Some advances, especially farming techniques that will boost the quality and quantity of fresh foods available to restaurants, will clearly affect foodservice. Others, however, are more likely to impact international food supplies or military feeding without ever touching the restaurateur's table.

Hydroponics, fish farming, and bioengineering are some of the agricultural technologies that may dramatically affect future food supplies. Hydroponics, a greenhouse farming technique that substitutes liquid nutrients for soil, allows produce to be grown closer to the places it will be consumed. Because hydroponics takes place in a controlled environment, seasonality is thwarted. Moreover, crops grown hydroponically grow twice as quickly as their field grown counterparts. Thus, hydroponics offer the potential of fresher produce, available year-round and at lower costs.

Although the high costs of maintaining a controlled environment hindered early experiments, hydroponic farmers have now economized by switching from artificial to natural light. Thus, says Bryan Silbermann of the Produce Marketing Association, more and more crops are being hydroponically farmed. Among crops now grown through hydroponic methods are Boston lettuce, tomatoes, and cucumbers.

Hydroponics, as demonstrated at EPCOT center, can produce crops at lower costs despite the season.

Aquaculture, or sea ranching, allows farmers to grow certain species of fish—plus other products like kelp or seaweed—in controlled ponds and tanks. By regulating both environment and feed, farmers can speed up production of fish year-round. Sea ranching also promises a much fresher supply than the traditional fishing boat, which often holds "fresh" fish for as long as two weeks before docking. Catfish, salmon and shrimp are now being successfully farmed by sea ranchers.

Biotechnology and the hybridization of crops is old news. But new experiments in DNA transfer give biotechnology a definite sci-fi air. Scientists are currently experimenting with cloning techniques, by which the nucleus of an egg is removed and replaced with the nucleus of a body cell. This results in an exact duplicate of the organism the body cell was taken from. Egg fusion is a technique that would enable scientists to fuse two eggs together and thus eliminate the need for male genetic material. Scientist have also succeeded in fusing two or more very young embryos to produce an animal of mixed species (called a chimera). Thus far, chimeric creations have been confined to mixed-species mice.

In terms of agriculture, John F. White, vice president and director of research and development for a major food manufacturer suggests that biotechnology will have its biggest impact in cost and quality control of existing varieties of produce. Biotechnology, he speculates, will allow scientists to tailor produce in terms of increased durability, taste, and cost. Researchers are already working on such practical modifications as flat or square-sided corn that won't roll on plates and square melons that will ship with less bruising. Work is also underway on celery, citrus, coffee, popcorn, soybeans, tobacco, wheat, and carrots.

Technology is also producing new food substances. "Fabricated" or "engineered" foods are buzz phrases that have been getting a lot of attention lately. Engineered foods are used in two ways, as analogs that substitute for specific foods (as a nondairy creamer does for milk), and as ingredients that extend or emulsify foods (as a meat extender would do). New biotechnology techniques are quickly offering new alternatives to meat and dairy products that researchers believe will ultimately be accepted by the public.

One of the most promising breakthroughs in the realm of food engineering was the development of isolated soy protein. Isolated soy protein—which is quite different from the textured soy used to make soyburgers—is a 90 percent protein substance that can be used both to extend meats and as a total analog to seafood, frozen desserts, diet beverages, and infant formula. Researchers see vast potential for isolated soy protein because it has no soy flavor and binds well with other substances. Babies who are allergic to milk (13 percent of all babies) already consume isolated soy protein in their infant formula, and test marketing of selected products to health-conscious adults has proven successful.

Reversible compressed foods constitute a curious innovation that was first developed by the Navy for submarine use. Through this technology, fruits and vegetables such as carrots, green beans, corn and berries are freeze-dried and then compressed to $^3/_4$-in. thick disks. When the foods are later put into water, they pop back to their normal size and shape. Despite the body-busting treatment, reversible dehydrated foods reportedly have the quality of fresh frozen goods.

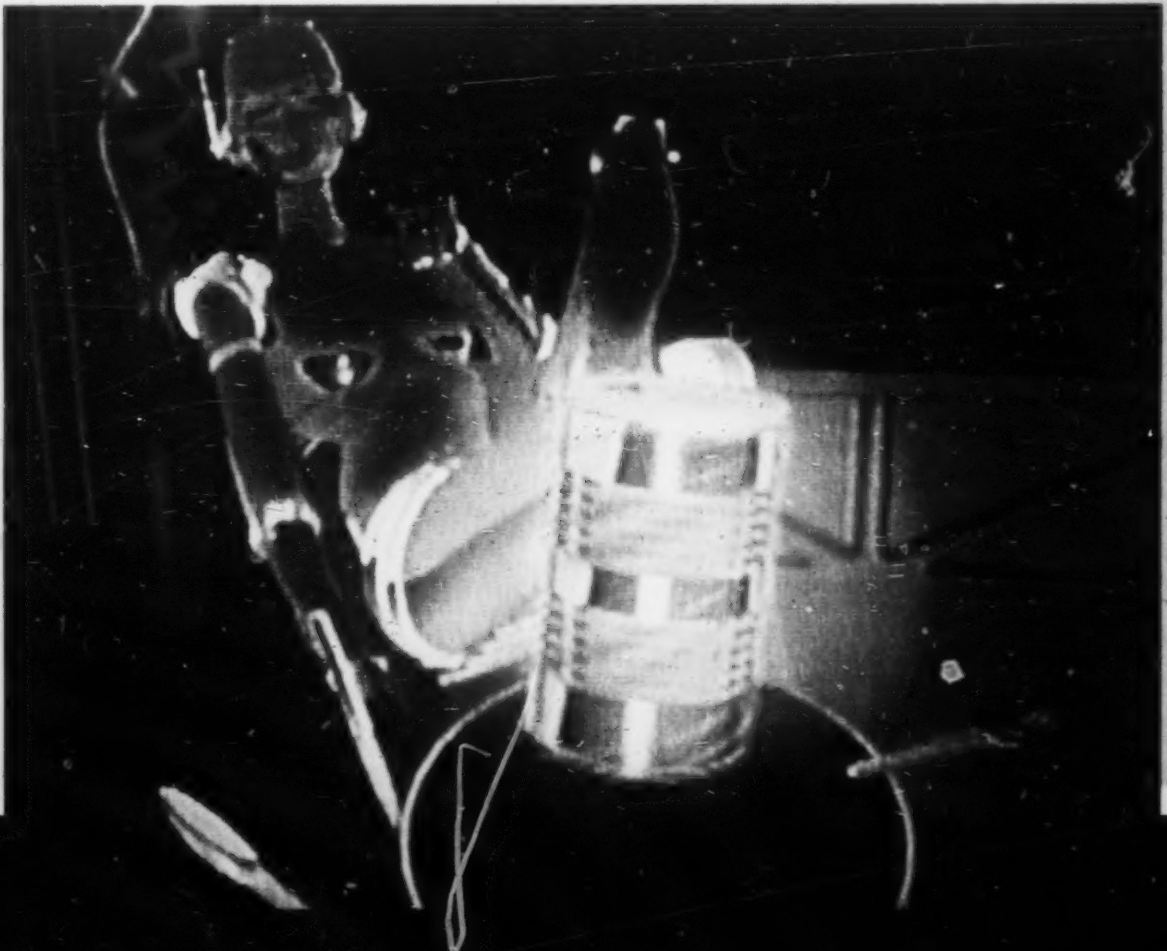
Of more application to foodservice is a dehydration process by which fruits such as berries are granularized and dehydrated. The granules, which are more intensely flavorful than fresh fruits, are then used in baked goods and desserts. Improvements have also been made in traditional freeze-drying. In a new procedure, produce can be dried three-quarters of the way, then frozen. Because most moisture loss occurs in the last quarter of drying, partial drying makes for better textured foods.

New technologies are also affecting food processing. One of the most controversial but potentially useful is irradiation. By exposing foods to an ionizing radiation source, foods can be pasteurized or sterilized, depending on the dosage. (The energy is used up in the process and the foods are not radioactive themselves.) Irradiated foods are ready to eat and can be stored at room temperature for years. Moreover, because they are not exposed to high temperatures, their quality is better than that of thermally processed foods.

Researchers claim, in fact, that irradiated products closely resemble foods made from fresh items. To date, the FDA has approved irradiation treatment only for potatoes, spices, and wheat. Although many are lobbying for further extension of approval, a full go-ahead has been granted only to NASA. NASA, in turn, has made irradiated foods standard fare for the explorers of the future—the astronauts.

—Alexa Bell

An inventive view of food packaging in the future: the can.



Top 30 Markets in 1996

*MSA 96 rank	1/1/96	1/1/86	'86 Rank	%Change
Los Angeles-Long Beach 1				
population	8,573,600	7,855,400	2	9.1
households	3,146,600	2,877,400		
total e.b.i. **	$225,756,921	$100,317,996		
total retail sales	$112,043,786	$49,486,789		
New York City 2				
population	8,340,100	8,274,900	1	0.8
households	3,418,900	3,274,400		
total e.b.i.	$214,802,770	$103,230,531		
total retail sales	$82,252,061	$38,846,348		
Chicago 3				
population	5,894,500	6,007,200	3	(1.9)
households	2,333,800	2,232,200		
total e.b.i.	$189,551,044	$79,740,211		
total retail sales	$85,476,672	$36,371,361		
Philadelphia 4				
population	4,801,800	4,737,500	4	1.4
households	1,855,800	1,721,900		
total e.b.i.	$148,640,836	$59,702,832		
total retail sales	$64,977,373	$26,641,706		
Houston 5				
population	4,611,500	3,379,100	8	36.5
households	1,772,000	1,237,800		
total e.b.i.	$125,545,411	$45,992,881		
total retail sales	$71,362,193	$25,462,839		
Detroit 6				
population	4,194,200	4,329,000	5	(3.1)
households	1,606,300	1,563,700		
total e.b.i.	$118,242,432	$53,575,006		
total retail sales	$57,636,515	$26,213,404		
Washington, D.C. 7				
population	3,764,900	3,427,000	7	9.9
households	1,442,700	1,268,800		
total e.b.i.	$148,937,821	$55,391,377		
total retail sales	$65,938,769	$25,309,863		
Boston-Lawrence-Salem-Lowell-Brockton 8				
population	3,667,200	3,659,800	6	0.8
households	1,453,700	1,355,500		
total e.b.i.	$121,173,045	$49,410,491		
total retail sales	$64,033,577	$26,682,214		
[illegible] 9				
population	2,916,600	2,300,500	12	26.8
households	1,155,700	865,700		
total e.b.i.	$85,766,914	$31,176,891		
total retail sales	$48,431,323	$17,854,601		
[illegible] 10				
population	2,914,500	2,416,400	10	20.6
households	1,123,000	883,800		
total e.b.i.	$87,586,220	$30,380,215		
total retail sales	$42,474,046	$15,268,893		

come in tight, simple boxes. A bistro will be just a bistro. Gourmet burger restaurants will become luncheonettes. Customers won't accept something that doesn't meet their expectations."

"Operators will begin to create more of their own niches," says W.R. Grace's Louis Neeb. "Just as traditional retail has boutiqued around the big department store chains, independent restaurants will boutique around foodservice chains."

On the other hand, many observers believe that the scramble for market share will have a blurring effect. "Everyone is trying to upgrade to compete against the people under them who are upgrading," notes Dr. Tom Powers, director of the School of Hotel & Food Administration at Canada's University of Guelph. "Convenience stores are nipping at the heels of fast food. Fast food is responding by upscaling decor, and the trend continues into other segments."

Bill Fisher theorizes that for many restaurants both menu and decor will be versatile. "If a restaurant is 5,000 sq. ft., for example, there may be four different areas, such as Mexican, Italian, seafood, and Western," he says. The reason restaurants will be so versatile, explains Fisher, is that they will have an unusually strong repeat customer base by today's standards. "As hotels used to be social centers for towns, or saloons in the Old West, restaurants will be the social center in 2000."

According to Martin Cherneff, all restaurants, whether marketing convenience or a dining experience, will feel more pressure to create a total image.

Menu format, atmosphere and design, uniforms, service style, and table appointments will make equally strong statements about the image, no matter what the segment.

Fast food

John Stanton, the C.J. McNutt chair of food marketing research, St. Joseph's University, sees a broadly different role for fast food in 2000. "There's a paradox in what will happen," explains Stanton. "People will have more money to spend but less time in which to spend it. Lots of segments will provide a quality experience in a limited time frame. Fast food will change to keep its share."

Many experts see fast food as the one segment that will make extensive use of front-of-the-house technology to enhance convenience. "Fast food will still be serving people who want instant gratification, as time will be precious in 2000." says Doug Higdon of Jerrico. "To meet their temporal needs, fast food service will be computerized, as simple banking functions are today. The customer will perhaps key his order into a computer board or touch a few buttons, and he'll receive his meal almost right away." Or, a fast food menu might be on the table much like a jukebox is in a diner today, suggests Joe Durocher of New York University. The customer can send his order to the kitchen directly from the table.

Fast food, like the industry as a whole, appears directed in two diverging paths. Many restaurants will upscale, merging with or replacing the family restaurant segment. Others, however, will capitalize on the increased demand for delivery; these restaurants will substantially downscale their facilities.

For delivery, Dick Good foresees "embryonic operations with gourmet dinners that you pick up or have delivered for $7 to $10." In-store dining will be eliminated; visible, (and high rent) locations will be less important than an easily remembered phone number. "Success will be based on speed of delivery and convenience as much as on quality."

Operators who opt against deliv-

*MSA '96 rank	1/1/96	1/1/86	'86 rank	% change
[illegible] 11				
population households total e.b.i. total retail sales	2,896,800 1,000,000 $124,178,389 $50,807,458	2,704,300 874,700 $43,536,990 $18,724,895	6	7.1
Anaheim-Santa Ana 12				
population households total e.b.i. total retail sales	2,805,800 1,115,300 $106,004,930 $51,563,726	2,238,200 831,700 $35,495,867 $17,525,420	15	25.4
San Diego 13				
population households total e.b.i. total retail sales	2,646,400 1,038,400 $80,519,501 $38,135,111	2,133,300 793,800 $28,269,566 $13,511,568	17	24.1
Minneapolis-St. Paul 14				
population households total e.b.i. total retail sales	2,493,000 978,300 $90,704,081 $44,768,896	2,245,600 865,700 $31,736,658 $16,341,936	14	11.0
St. Louis 15				
population households total e.b.i total retail sales	2,475,700 962,500 $73,832,169 $36,527,116	2,392,400 883,100 $29,489,140 $15,014,517	11	3.5
Riverside-San Bernardino 16				
population households total e.b.i total retail sales	2,424,900 909,900 $51,529,779 $27,422,778	1,857,500 671,800 $20,500,551 $10,551,686	21	30.5
Baltimore 17				
population households total e.b.i total retail sales	2,424,200 917,900 $30,485,263	2,278,500 818,500 $12,887,159	13	6.4
Tampa-St. Petersburg-Clearwater 18				
population households total e.b.i total retail sales	2,337,800 980,200 $65,072,377 $34,010,471	1,880,600 774,000 $22,436,516 $11,991,928	19	24.3
Phoenix 19				
population households total e.b.i. total retail sales	2,288,300 944,700 $63,986,348 $30,303,036	1,776,800 685,500 $21,406,886 $10,137,268	24	28.8
Miami-Hialeah 20				
Population households total e.b.i. total retail sales	2,230,600 799,500 $55,203,521 $30,798,090	1,841,700 671,900 $21,317,921 $11,994,177	22	21.1

table continues on page 222

*MSA '96 rank	1/1/96	1/1/86	'86 Rank	% Change
[illegible] 21				
population households total e.b.i. total retail sales	2,112,800 884,300 $71,495,817 $30,365,256	1,890,600 743,200 $27,946,068 $12,056,143	18	11.8
Denver 22				
population households total e.b.i. total retail sales	2,106,400 881,000 $70,802,072 $33,223,252	1,663,600 658,600 $24,029,170 $11,376,684	26	26.6
Pittsburgh 23				
population households total e.b.i. total retail sales	2,090,000 860,100 $58,143,282 $26,673,415	2,162,800 835,700 $26,358,717 $12,176,118	16	(3.4)
Seattle 24				
population households total e.b.i. total retail sales	1,936,000 804,600 $73,757,502 $35,706,652	1,714,500 679,400 $25,686,320 $12,893,870	25	12.9
Newark 25				
population households total e.b.i. total retail sales	1,844,800 694,900 $66,675,436 $27,228,603	1,865,300 666,100 $27,124,634 $11,431,397	20	(1.1)
San Jose 26				
population households total e.b.i. total retail sales	1,722,000 683,900 $66,774,204 $33,286,773	1,444,200 535,800 $23,176,683 $11,762,581	29	19.2
Cleveland 27				
population households total e.b.i. total retail sales	1,719,500 703,300 $49,185,355 $24,201,457	1,823,300 704,000 $22,446,708 $11,143,459	23	(5.7)
New Orleans 28				
population households total e.b.i. total retail sales	1,587,100 624,800 $40,548,210 $19,439,594	1,371,600 508,400 $15,538,130 $ 7,633,471	30	15.7
San Francisco 29				
population households total e.b.i. total retail sales	1,575,300 690,600 $61,852,515 $30,715,750	1,518,500 640,800 $25,522,011 $12,886,273	27	3.7
Kansas City 30				
population households total e.b.i. total retail sales	1,559,500 629,900 $45,373,145 $24,850,273	1,469,400 562,700 $18,937,826 $10,336,658	28	6.1

**Metropolitan Statistical Area, the basic unit of metropolitan area definition*
***Effective Buying Income, for the total market*

ery may have to upscale more, offering healthier/lighter options; more menu diversity; and a more comfortable, social atmosphere in order to maintain identity. This group, says St. Joseph's Stanton, will position itself between "experience dining" and home dining. The price point will go up, he adds, but in general the segment will still be relatively low-cost.

Don Smith suggests that modified table service, a comfortable dining room, and more interaction between customer and worker will benefit both: "When things get busy now you see the manager cooking. In the year 2000, he'll be talking to the customers and he can observe them. Observation is the best market research in the world."

Mid-priced

Pressure from upscaling fast food, says John Stanton, will be felt most in the coffee shop and family restaurant category. As fast food moves up, mid-priced restaurants too will be upgrading, offering better, fresher food and more convivial environments. These two groups might begin to merge, producing what Don Smith calls "family replacement meals"—the meals that other generations would have shared with their families at home. In addition, some mid-priced restaurants may protect themselves from encroachment by appealing to the the huge graying population and concentrating on a warm, service-oriented atmosphere.

Jeff Miller, president of D'Lites, believes that "consumers haven't had enough facilities that give a sense of atmosphere in a quick service environment." In the future, he adds, coffee shops and fast food concepts like D'Lites will have more in common. "Coffee shops will go towards nutrition, and fast food will move to breakfast bars and salad bars."

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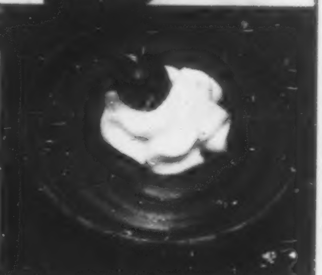

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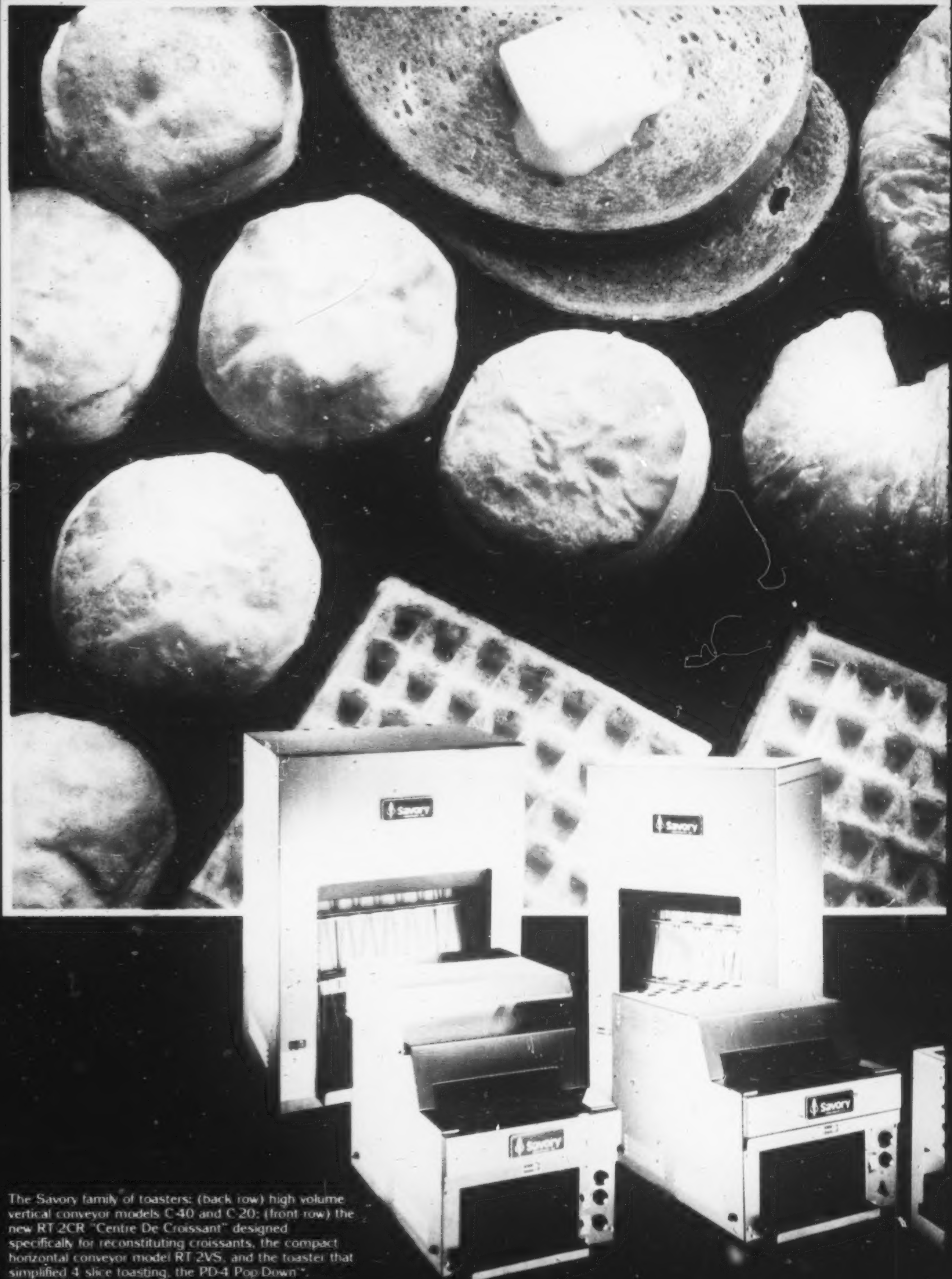
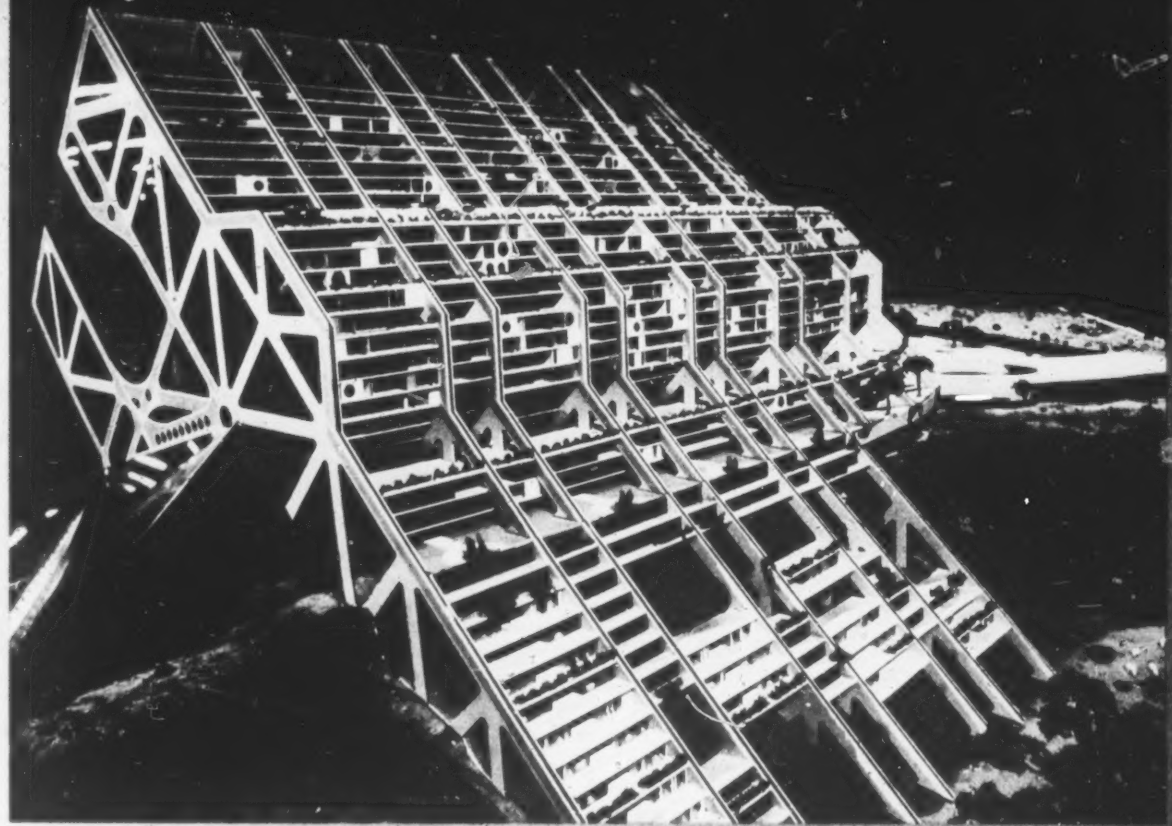


The Savory family of toasters: (back row) high volume vertical conveyor models C-40 and C-20; (front row) the new RT-2CR "Centre De Croissant" designed specifically for reconstituting croissants, the compact horizontal conveyor model RT-2VS, and the toaster that simplified 4 slice toasting, the PD-4 Pop-Down™.



Arcosanti, an experimental city designed by Paolo Soleri, symbolizes personalized design of the future.

Some, including Voorsanger, might take issue with that. Likening restaurants to theatre, Voorsanger believes that in urban areas especially, there will be certain restaurants so poised on the cutting edge that their lifetime will be limited like a Broadway show. The super hot restaurants will be so immensely successful that they can recoup the owners' investment in 12 to 18 months, just as they "go out of fashion." Voorsanger also sees a place in the market for restaurants with "signature designers," which trendy consumers will follow with all the avidity of the best dressed.

David Jungel, however, feels that the truly successful restaurant will be the one conceived as "generic" in style—one which is flexible in the extreme to accommodate for the most shifts in public taste and overall restaurant concept. Anything else, anything too obviously themed, has the capacity to go out of fashion quickly and surely. Still, it is a mistake to view any design—no matter how thematically neutral—as changeless, says Jungel. "Be prepared to change the design or the total concept every 10 or so years to keep it fresh," he advises. "Very few concepts can last unchanged for any great length of time."

Barbara Schirmeister believes that success will be determined to a large degree by a restaurant's ability to offer a variety of environmental experiences and options, whether by using different lighting levels, colors, textures or materials, or by rotating any of these elements frequently—perhaps even daily. "Restaurateurs might even be able to offer an 'atmosphere de jour,'" she says.

As far as important design trends

Despite the fact that by the year 2000, designers will have myriad high tech materials and techniques at hand, consumers—surrounded by microchips and the state of the art at home and at work—are going to want—just the opposite: comfortable, warm, high touch surroundings.

in the year 2000, the views are many. Charles Mount sees an important Oriental influence, believing that the simplicity of Oriental—particularly Japanese—aesthetics lends itself well to a serenity which is pleasing as a backdrop for dining.

Almost at the reverse end of the spectrum, Ed Bronstein sees the occasional use of technology as an aesthetic unto itself; for instance, the use of a computer screen in lieu of a menu blackboard, or to flash messages such as "Welcome" to arriving diners. Bronstein is quick to point out, however, that such an aesthetic will never take the place of restrained, elegant design.

Addressing the issue of elegance, Spiros Zakas sees a return to classic, natural materials such as wood, marble, brick, wool, and cotton, instead of formica, plastics, and synthetics. Mount makes similar forecasts, noting that while such materials might be more expensive at the outset, they are cheaper in the long run to maintain.

Barbara Schirmeister envisions materials that "we can't even imagine today" making a number of design statements possible, such as mirror-like substances which reflect light in gradations, and subtle yet opulent paint patinas. A variety of textures might also be used to provide interest. Schirmeister also believes that metals derived or discovered through space travel will be available.

The exhibition kitchen so popular in the 80s may be with us for a while, say many designers. Born of a healthy interest in the process of cooking, exhibition kitchens also tend to create just the kind of excitement and drama many have in mind when they speak of restaurants as being very theatrical in nature.

And along the lines of entertainment, a number of things can be expected to develop. Accepting the idea of the restaurant—especially in the tablecloth segment—as an evening's entertainment, opens up a realm of concepts such as supper clubs, dinner theatres, dance clubs, and live entertainment.

Most designers also see a need for restaurants to be designed more like people's homes, as customers move out of their own abodes to do their entertaining. Catering to the small, elegant dinner party group of 10 to 12 could be an important market, providing an intimate yet not remote atmosphere. "It can't just be a room upstairs somewhere," explains Schirmeister.

Bart Voorsanger further explains that as people's homes become more cramped, public spaces will be designed to accommodate needs for privacy. "Many restaurants will be able to carve a niche for themselves by being intimate and providing a number of quiet, private spaces."

On the other hand, Spiros Zakas feels that in a very real way lighting and noise levels are going up. Comparing the restaurant of 2000 to the European street cafe, where seeing and being seen is as important as dining, Zakas says that "people want to feel that they are surrounded by activity and other people, that they are where the action is."

How do you reconcile this need with that mentioned by Voorsanger for privacy, especially as rising costs push tables closer and closer together? Voorsanger suggests personal headsets that allow for intimate conversation with table companions, or even noise shields that reduce neighboring sounds.—**Joan Lang** gers. He also envisions a line of low-cost, high-quality seafood products prepared by surimi processing, which involves grinding inexpensive fish such as pollock into small particles and then reforming it with suitable flavor additions and binders to simulate shrimp, crab, or lobster.

Others, like Steve Poses, are skeptical about the suitability of serving fabricated food in restaurants: "It's antithetical to what people go to restaurants for."

Less controversial is a predicted use of more fresh foods in all levels of dining. Greenhouse farming, including relatively new hydroponic methods (which allow plants to grow in water), will allow growers to harvest crops previously unsuited to local conditions or seasons. New fish farming techniques, already used to grow catfish, salmon and trout, will vastly increase the quantity of fresh fish in the marketplace. As a result, restaurateur Bob Power can foresee a day when large fish chains like Long John Silver grow their own fish, process it daily and ship fresh-frozen fish to units overnight.

Increased quantities of fresh local foods will be complemented by a worldwide network of food distribution. "Transportation is getting so advanced that food from all over the world will be common by the year 2000," states Andrew Udelson, one of three owners of Flying Foods International, a New York specialty food distributor. The economies of transportation will continue to improve, says his partner Paul Moriates, as countries—including Africa and South America—get behind their products and encourage farmers to export.

The global tastes that are evolving now will be mature by the turn of the century. The impact of Asia will be heavily felt, says Arnold Calabrese, who calls the 21st century the "Asian century." Noting that Asia has already squeezed out Europe as the country's largest trade partner, he predicts that the high-growth world market will be in Southeast Asia and the next big push on products coming into the country will be Asian. Two food trends he sees resulting from this trade are fast food sushi bars and cafeteria-style stir fry concepts in which consumers choose raw fish and vegetables which are stir fried in front of them.

Globalism will also result in increased familiarity with foods and cuisines from all parts of the world. Bob Nyman believes the result will be an international cuisine that will reflect all the foods and culinary traditions available worldwide. Westin's Erlandsen refers to this type of cooking as Cosmopolitan Cuisine. "The ethnic lines are becoming increasingly blurred," he adds.

Pure ethnic cuisines, however, will continue to thrive anyway, and many foods that sustain the large ethnic groups now entering the U.S. will have permeated the rest of the population. Judi Greening of Frieda's Finest Produce Specialties in Los Angeles foresees the popular use of such Mexican foods as cactus leaves (the pads of the nopalis cactus), prickly pears (the nopalis' fruit), tomatillos (Mexican ground tomatoes), and tamarindos (pod from a tamarindo tree). Among the Asian foods she believes will have broad acceptance in the next century are lemon grass and wild mushrooms such as the enoki and shiitake. And, many observers note that consumers will have increasing acceptance of such currently underutilized fish (now called trash fish) as crayfish, dogfish, and shark, which poorer cultures have always known and relished.

As food directions expand, the fate of alcohol is less certain. Increased health concerns, drinking-

LABOR

The foodservice industry will be facing the same changes in the workforce as the rest of the country's employers in the year 2000: a smaller percentage of teenagers; more workers over today's retirement age; and more nonwhite workers, many of whom will be Asian and Hispanic. Women will most likely continue to compose an increasingly larger portion of the workforce as well.

Although there will be a smaller percentage of teenagers in 2000, the population is growing so there will still be plenty of energetic young adults looking to foodservice for their first job. There will be fewer men and women aged 15 to 24—an age category important to the foodservice industry because people this age often work in foodservice while finishing their educations. There will most likely be 10.6 million men in that age category in 1995 (the latest year for which the Bureau of Labor Statistics (BLS) has projections), down from 13 million in 1982. Women in that age group will also number 10.6 million in 10 years, down slightly from 11.5 million in 1982. The BLS estimates that over 70 percent of men and women aged 16 to 24 will participate in the workforce in 1995, which is a substantial proportion although older age groups have larger participation rates.

The smaller amount of workers aged 15 to 24 will have open to them over 2 million more jobs in the foodservice industry in 1995, for a total of 8.2 million jobs, the BLS projects. That figure is 33 percent higher than the 1982 situation. Approximately three-quarters of those jobs—or 5.4

million—will be in separate eating and drinking places as opposed to other foodservice operations.

Of the 40 occupations with the largest job growth between 1982 and 1995, five are in the foodservice field: waiters and waitresses, expected to increase 34 percent, or 2.2 percent of total job growth; kitchen helpers, up 36 percent, or 1.2 percent of total job growth; food preparation and service workers in fast

EMPLOYMENT IN EATING AND DRINKING PLACES*

	1982		1995	
	NUMBER (in thousands)	PERCENT	NUMBER (in thousands)	PERCENT
TOTAL	4,781.4	100.00	6,551.5	100.00
Professional, technical, and related workers	**29.8**	**.62**	40.8	.62
Musicians	18.4	.38	25.2	.38
Managers, officials, and proprietors	**328.7**	**6.88**	480.3	7.33
Restaurant, café, and bar managers	311.2	6.51	456.3	6.96
Sales workers	**54.0**	**1.13**	68.1	1.04
Sales clerks	52.9	1.11	66.7	1.02
Clerical workers	223.7	4.68	314.3	4.80
Accounting clerks	2.3	.05	2.6	.04
Bookkeepers, hand	56.8	1.19	67.0	1.02
Cashiers	150.3	3.14	225.2	3.44
General clerks, office	4.0	.08	5.4	.08
[illegible]	2.8	.06	3.8	.06
Stock clerks, stockroom and warehouse	1.6	.03	2.3	.03
[illegible]	4.5	.09	6.1	.09
[illegible]	1.9	.04	2.6	.04
[illegible]	22.2	.46	30.4	.46
[illegible]	16.8	.35	23.1	.35
[illegible]	1.4	.03	1.9	.03
[illegible]	4,112.9	86.02	5,603.8	85.54
[illegible]	107.1	2.24	126.7	1.93
[illegible]	3,944.9	82.51	5,391.6	82.30
[illegible]	22.0	.46	30.2	.46
[illegible]	240.2	5.02	333.1	5.08
[illegible]	259.9	5.44	379.5	5.79
[illegible]	369.2	7.72	490.1	7.48
[illegible]	783.0	16.37	1,074.5	16.40
[illegible]	92.9	1.94	127.2	1.94
[illegible]	391.7	8.19	566.7	8.65
[illegible]	51.8	1.08	71.0	1.08
[illegible]	1,319.7	27.60	1,757.0	26.82
[illegible]	192.6	4.03	240.9	3.68
[illegible]	220.2	4.61	319.0	4.87
[illegible]	37.6	.79	51.5	.79
[illegible]	5.5	.12	7.8	.12

food restaurants, up 37 percent, or 1.2 percent of total job growth; restaurant cooks, up 42 percent, or 0.6 percent of total job growth; and cooks in short order, specialty, and fast food restaurants, up 32 percent or 0.6 percent of total job growth.

In fact, prospects look good for all foodservice positions except butchers and meat cutters. Only 179,000 jobs are expected to be open to them in 1995, which is six percent less than the 191,000 jobs in 1982.

With all these jobs and fewer young workers, who else will compose the foodservice workforce? There will be 19 million blacks and other minorities over age 16, which is 5 million more than there were in 1982. And more of the minorities are expected to participate in the workforce in 10 years: 66 percent as opposed to 62 percent in 1982.

Overall, many more women will join the workforce, a promising trend for foodservice, as women presently compose a large percentage of foodservice employees. In fact, women will be responsible for two-thirds of the labor force's growth, according to the BLS. In 1982, there were 47.8 million women in the labor force, a 53 percent participation rate. In 1995, there are expected to be 61 million working women, a 60 percent rate.

Because of the affluence of the baby boom generation, now in its prime wage-earning years, many will retire early. However, since foodservice lends itself more than most fields to part-time employment, we may receive a pool of people over age 55 who are anxious to work. There will be 8 million men and 6 million women over age 55 in the workforce in 1995, figures close to those of 1982. The difference is, in 1982, 44 percent of men and 23 percent of women were participating in the labor force, as opposed to a projected 35 percent and 20 percent respectively in 1995.

Although separate eating and drinking places will be responsible for the majority of foodservice jobs, as they are today, dozens of other fields employ foodservice workers as well. Today's major employers will be the same as those in 1995, although some will offer more jobs and some less. Few industries other than separate eating and drinking places will offer over 100,000 foodservice jobs. One will be hotels and other lodging places, offering 502,829 foodservice jobs in 1995, compared with 352,224 jobs in 1982. Another gainer, amusement and recreation businesses other than movie theaters, will require 72,000 more jobs, or a total of 255,543. Nursing and personal care facilities will jump from 138,000 to 248,000, and hospitals will leap from 249,000 to 356,000. Of particular note in the labor scenario of 2000 is the view espoused by many experts that by then labor unions will have significantly loosened their hold in the workforce, if not disappeared altogether. Pointing out that now only about 19 percent of the working population is unionized, compared with a zenith approaching more than half in the 1950s, Corinne Kuypers Denlinger of the Naisbitt Group believes that unions are on their way out.

Furthermore, as heavy industries lose strength in our service-oriented society, the unions' traditional blue collar base is being phased out—by 2000 only about 10 percent of the country's workers will be so classified. "People want to participate in their lives," says Denlinger, "not have decisions concerning their jobs made for them. Unions are becoming inappropriate."—**Rona Gindin**

EMPLOYMENT IN EATING AND DRINKING PLACES*

Total Foodservice Employment** (in thousands)	1982	1995	Percentage Change
Food service workers	6,204	8,221	33
Bakers, bread and pastry	36	46	28
Bartenders	384	505	32
Butchers and meatcutters	191	179	-6
Cooks and chefs	1,211	1,613	33
Cooks, institutional	423	538	27
Cooks, restaurant	351	500	42
Cooks, short order and specialty fast foods	437	578	32
Food preparation and service workers, fast food restaurants	[illegible]	[illegible]	37
Hosts/hostesses, restaurant, lounge, coffee shop	[illegible]	[illegible]	36
Kitchen helpers	[illegible]	[illegible]	36
Pantry, sandwich, and coffee makers	[illegible]	[illegible]	34
Waiters and waitresses	[illegible]	[illegible]	34
Waiters assistants	[illegible]	[illegible]	29
All other food service workers	[illegible]	[illegible]	31

***These figures are from the U.S. Bureau of Labor Statistics' Employment Projections for 1995. They include all wage and salary, self-employed, and unpaid salary workers in all segments of foodservice including eating and drinking places, institutional foodservice, retail foodservice, and business/industry foodservice.*

and-driving issues, and an older drinking age in many states are pressure to keep alcohol consumption down. It is likely that these restrictions will continue to favor beer and wine consumption at the expense of distilled alcohol. Yet, despite the heightened awareness of alcohol's dangers, many believe that the newly introduced low alcohol beers will not survive. Bob Weinburg, president of R.S. Weinburg and Associates, a market research company covering the brewing industry, says, "I don't think it will catch the health trend. If you're concerned about calories, you don't drink beer at all. Now, a no-alcohol beer, that might catch on."

Marketing

In 15 years, technology is going to afford consumers so many entertainment options that the very concept of a mass market may be obsolete. Cable TV has already ballooned the number of channels available to the average consumer to 20 to 30; when direct satellite delivery into homes becomes possible, that number may go into the hundreds. With consumers fragmented into many small viewing groups, mass marketing loses it punch. The good news is that network television is bound to become less costly. The bad news is that this may not matter because restaurants will have to find new ways to reach their consumers.

Technology will supply some of the answers. Louis Neeb foresees a cable "yellow pages" that viewers can turn to for restaurant information. George Rice believes that some of the consumer shopping techniques now used in hotels will be available on home computers.

Yet, most observers believe restaurateurs will fall back on traditional methods for reaching their customers. Old fashioned print (or its videotext analog) may be the best way to reach the consumers of the future. "Network TV no, spot TV sometimes, direct mail, billboards, and specialty magazines yes," says marketer Richard Good.

Possibly the most powerful marketing in the next century will be that which emphasizes community relations. Local promotions—charity drives, in-store wine tastings, neighborhood newsletters—will be important tools. "Restaurants will work to establish stronger ties with their patrons," says the NRA's Bill Fisher. "They will offer patrons things like their own coffee mugs or their own signature plates, or they'll give away a loaf of bread so the customer will leave with a reminder of the restaurant. 'We want to be your restaurant,' will be the theme."

The personal touch

Saying that customers will demand a more personal experience in a restaurant is easy. The challenge is to find employees who can deliver. "In the front of the house, the emphasis will be on relating to the guest rather than putting down the plate," says Dr. Thomas Powers of the University of Guelph.

The industry is just now seeking out the best ways to train employees. Research underway at the University of New Hampshire strives to define exactly what traits make good servers, and New York University researchers plan to take the results farther and incorporate those findings onto an interactive video disc, so trainees can observe actors making common mistakes and watch the consequences. "Interactive video discs will be used in 2000 to train employees in hard-to-teach interpersonal skills," says NYU's Joseph Durocher.

The introduction of older people into the foodservice workforce will change the texture of training somewhat too. "Because there will be a sprinkling of mature adults in the restaurants, training requirements will be different," says the NRA's Fisher. "Younger people need to learn human relations skills, but older people, who bring that experience with them, need to learn the technical skills.

"Trainers will be more professional in 2000. It is quite likely they will be skilled and schooled with high academic degrees," predicts Fisher. "Training will include stressing the values of the organization and a broader knowledge of the organization," he adds. "It will build in a highly positive experience, which carries over to patrons. There will be less 'Here's the apron; go to work over there.'"

Finding the right people for the front-of-the-house, especially since service will be so crucial to restaurants in 2000, means upgrading the industry's image. "Foodservice will be a respected place to work," Bill Fisher insists, realizing that "It won't be respected for its haute dignity, but instead for being a fun, nice place to work."

Don Smith emphasizes that, especially with the influx of older workers, foodservice facilities will have to change their management techniques. "Good managers will have to realize the extent of their employees' experience, and become a lot less authoritarian," he says. "There will have to be more team involvement." Benefits, too, will have to improve.

And as in the workplace of 2000 as a whole, the climate of many foodservice organizations will change to allow more people at all levels of service to participate in decision-making. Corinne Kuypers Denlinger of the Naisbitt Group suggests that the company of the future will have to rethink its attitude to attract and keep workers during the labor crunch. In some instances, she sees organizations with no titles and no job descriptions: people will make of their jobs what they are capable.

BOH

When *Restaurant Business* asked a number of industry executives to share a "wish list" of equipment for the restaurant of the 21st century, the answers indicated several areas of concern.

- Hud Hinton, director, food & beverage division for Westin Hotels, envisions a kitchen where "each station and piece of equipment performs multiple functions and no individual moves more than three or four feet to complete tasks."
- Bradley Ogden, executive chef at San Francisco's Campton Place Hotel, thinks that a robot capable of chopping, peeling, and dicing would be a tremendous advantage.
- Gayle Ham, director of product development and research for Carl Karcher Enterprises, feels that "we need to uncover ways to automate back-of-the-house activities while providing more personalized service in the front-of-the-house. A robotic piece of equipment capable of assembling burgers, sandwiches and side orders would certainly allow us to do this. The actual cooking of our burgers is currently automated, but preparation of sandwiches and assembly of orders is done manually."
- Bert Paley, vice president/administration, Volume Services Division, Interstate United, wishes that a ductless exhaust system would be developed, combining a fire suppressing system and filtering device within a self-contained hood.
- Norman Rich, vice president, food and beverage, Amfac Hotels, would like to see dicer/shredder attachments built right into the mother unit with only a button to press to activate each component.
- John Farquarson, president of ARA Services' ARASERVE division, believes that every table should have "a sophisticated, small, unobtrusive, electronic method of letting someone know you want something."
- Ernie Renaud, senior vice president, Investors Management Corp., wishes for an oilless french fryer.

Although foodservice—primarily because it is so labor intensive—may have lagged behind some other industries in the realm of technology during past years, there are many indications that is changing.

In fact, technology is one of the most useful ways to think about the future, says Ed Cornish, president and founder of The World Future Society, an association of scientists, scholars, businessmen, and others interested in futurism. According to Cornish, we are now experiencing a revolution in intellectual technology and problem-solving through the advent of telecommunications and computers, and we can expect equally revolutionary developments in the future, particularly in the area of automation and robotics. In some industries, robotics is growing at the rate of 30 percent annually, and by 2000, robots will be affordable in even the small business environment. Cornish envisions the day when "smart machines"—programmable to do a variety of different tasks—will take all the drudgery out of food preparation, mixing batters, trimming steaks, and cutting vegetables. Because of what Cornish calls the "birth dearth," a shortage of workers will impel robotics manufacturers to design machines for very specific tasks.

Martin Cherneff, a consultant to the industry, feels that by the turn of the century such back-of-the-house processes as ordering, inventory, and storage will be completely automated; storerooms will be empowered to "call in" an order directly to a purveyor when they sense that inventory is running low. Although this would perhaps be practical only in larger, centralized facilities, if microcomputers continue the current trend of becoming smaller, more powerful, and less expensive, almost anything may be possible by 2000.

Tom Wiebe, who heads the in-house design department of Canteen Corp., feels that by 2000, air handling technology to recapture heat will be much improved, and that in general, facilities will be much safer. Interestingly, Wiebe has discovered that what seems like the ideal technical solution to a problem may not necessarily fit in with what consumers want: The company had investigated a sophisticated piece of machinery, intended for large remote operations such as oil fields, that would enable the diner to push-button select various components of a meal, while a computer would see to it that the machine cooked each item to spec. According to Wiebe, the equipment itself worked fine, but the customers wanted none of it; they desired a more personal touch.

Still, there are plenty of less exotic equipment possibilities for the future, many of which are now in development. Most of this equipment

is designed to be more efficient, energy-saving, safe, labor-saving, and/or reliable.

For instance, there is the induction cook top, whereby an induction heater generates a magnetic field over the cooktop so that while the stove itself doesn't get hot, a pot placed on it does.

Another possibility is known as heat pipe technology. Liquid within a closed container is vaporized, and the vapor is then used to heat a cooking surface. Heat is therefore transported from heat source to heat sink with very little temperature loss. Yet another technology is pulse combustion, which is now recognized as a highly efficient way to burn natural gas. In a prototype deep-fat fryer, according to the Gas Research Institute, combustion and heat transfer occur in oval-shaped tubes immersed in the liquid fat. In the cold zone beneath the combustion chamber, food crumbs can accumulate without burning. If a secondary function such as water heating were added, the heat transfer to the water would serve as a secondary heat exchanger. Not exactly the oiless fryer, but a good deal more efficent than the standard vat—in fact, about 80 percent more efficient. The technology also has applications for griddle surfaces.

In the area of refrigeration, the solid state (no compressors or coils) thermoelectric refrigeration system holds great promise. Ultrasonic cleaning, utilizing sound waves to vibrate water molecules, may replace dishwashers. In the near future, most appliances may be able to clean themselves. Remote control cooking is a real possibility, as is the "smart" oven which can sense when something is done and automatically turn off the power source.

As space becomes even more precious, equipment will have to become more and more flexible, routinely performing double or even triple duty. Convection ovens that also utilize steam are already on the market. On the other hand, smaller, more specialized pieces would be highly appropriate for optimum menu flexibility.

In some ways, the future is beginning now for many operators. Consider the pouch or vacuum cooking method now being developed by Hilton International. Fresh, raw food is vacuum-packed in plastic pouches on-premise, making it refrigerator stable for up to six days. The pouches, which can be portioned in any amount from single to banquet-size, are then transferred to a convection steamer for cooking.

The advantages are many, but, most important, product quality is superior. Food cooks entirely sealed in its own natural juices, needing little in the way of salt or sauce. According to Fred Rufe, director of food and beverage, planning and development for Hilton International, the labor saving potential is enormous. For banquets, prep work can be done days ahead; come dinner time, the food is cooked in its pouch and needs only to be plated. For room service, an expensive sous chef is no longer necessary; recipes have been specially developed so that all the ingredients of the dish can be pouched together earlier in the day or the week, for simple cooking and plating at any hour.

"This is not 'boil in bag' quality," points out Rufe. "This is fresh, top quality food packaged and cooked to retain that quality." Indeed, food cooked in this fashion has deep, elemental flavor, which is developed during cooking within a totally sealed container. A whole variety of foods can be vacuum-cooked. Rack of lamb can be pre-browned and then pouched raw, to be cooked to a rare pink in 20 minutes in the convection steamer. Raw prepared vegetables such as julienne carrots can be pouched with chopped shallots and a lump of butter. Or overlapping slices of scallop and zucchini can be arranged in the pouch, to be cooked and served with a watercress sauce which also comes from the pouch. Dieter Hannig, who runs Hilton International's Food Research Center, has developed many such recipes to take advantage of the vacuum cooking concept.

As equipment and technology get more sophisticated, so will support systems. The average kitchen manager may find the inevitable breakdowns that can occur with robotics a little beyond his scope, for example. Bill Eaton, senior vice president of the planning and advisory firm, Cini-Grissom Associates, suggests that by 2000, equipment servicing will have developed to a high art. "Foodservice manufacturers will be concentrating even more on the importance of proper design, warranties, contracts, and training of service staff," he predicts.

Still, while all this is going on, there is some sentiment that a stove will always be a stove, and a pot, a pot. Mark Levy, of Chicago's Levy Organization, sees a major return to the basics in cooking and preparation, with such "antiquated" modes of cooking as the wood grill and the brick oven much in evidence. Erik Erlandsen, manager of food and beverage development for Westin Hotels, concurs, citing age-old techniques of spit roasting, grilling, poaching, and wok cooking as having continued importance, particularly in the year 2000's health-oriented climate.—**Joan Lang**

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A BILL PUBLICATION FAST FOOD*

Restaurant Business

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The fast food phenomenon in Europe

by Charles Fessel

The fast food wave which threatened to overtake Europe in the 1970s has not swept over Europe, nor has it changed European eating habits to any extent.

When you study the fast food trends in the 10 most important countries of Europe, you find considerable discrepancies between individual countries. The fast food business developed relatively successfully in Northern Europe. But countries in the South were never really hit by this wave. The North/-South difference is quite obvious when depicted graphically in the accompanying chart of fast food expenditures by country.

Today, the established fast food chains hold their positions so firmly that a newcomer has practically no chance to become successful.

In Southern European countries, good food is of vital importance, regardless of income or fortune. This is a reason why so much money is spent in restaurants, and it also explains why fast food restaurants have little chance in these countries. Additionally, in Southern countries the long siesta time keeps people from being in a hurry.

In Northern countries, with increased unemployment and relatively modest, unpretentious eating habits, it was easier for fast food restaurants to develop the market.

Before fast food restaurants spread in France and Belgium there was no alternative to expensive restaurants. Even so fast food chains were able to establish units there only in major cities.

In the cities, however, the best locations for fast food restaurants are already occupied. Only the big chains are able to participate in the fight for good sites. Rents for favorable premises for good sites increased five to seven times during the last five years and may represent up to 18 percent of sales.

In the U.S., we find many fast food restaurants freestanding on suburban highways. In Europe, rules and laws are sometimes too complicated and rigorous to make such an idea feasible.

Other countries, such as Switzerland and Austria, have their traditional and popular cafe-houses. Besides excellent coffee, tea, and cakes these establishments offer snacks such as sandwiches, toasts, pizza, etc., served by waiters in a pleasant atmosphere—presenting a real alternative to fast food.

In Switzerland, with a population of six million, there are 3,000-4,000 cafe-houses. But there are only 29 fast food restaurants, represented by: Silberkugel (Movenpick of Switzerland), nine units; McDonald's, six units; Cindy (Movenpick of Switzerland), five units; Burger King, three units; Wendy's, three units; and Burgerland (Cooperative of Switzerland), three units.

In Germany, on the other hand, 17,400 snack outlets have been successfully operating in the fast food market for years. They are mostly owned by individual restaurateurs or delicatessen shops and bakeries which, in addition to their products, sell ready-to-eat food.

There are about 500 more typical fast food restaurants, or 0.25 percent of total catering trade in Germany. The fast food chains are represented as follows: McDonald's, 175 units; Nordsee (Unilever), 140 units; Kochloffel (privately-owned), 110 units; Burger King, 26 units; Wendy's, 14 units; Sam's Quick (GB Belgium), 13 units; Hamburger Farm (Unilever), seven units; Jim's Restaurant (privately-owned), five units; and other small individual concepts, 10 units.

In Germany (population in excess of 50 million), only about 20 to 25 new fast food restaurants are built each year. Some companies, such as

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Fast Food Spending in Europe

Country	Fast Food Expenditure
England	5.7%
Belgium	5.5%
Germany	5.4%
Holland	5.0%
Sweden	4.5%
Denmark	4.5%
France	2.5%
Austria	1.5%
Switzerland	1.5%
Spain	1.0%

Fessel *continued from page 124*

Sam's Quick, are suffering from financial problems, and in the last few years Burger King has reshuffled its European management several times. Considering these facts, we believe that fast food business in Germany is a drug on the market, and that only McDonald's and Nordsee will be very successful in the long run.

Great Britain is the only European country where fast food restaurants are currently profitable. The companies noted in the accompanying chart represent 70 percent of the total fast food market in Great Britain. The remaining 30 percent are individual restaurateurs.

In Great Britain there are about 2,600 fast food restaurants, representing about 1.3 percent of the total.

Most of the U.S. chains in Europe got their first foothold in Great Britain because the two countries share the same language and similar eating habits, as well as a similar fast food-infrastructure, and because of Britain's economic situation.

Conclusion: If you want to know what U.S. chains are planning to do in 1986, just watch the current British market closely. But even in Great Britain, the fast food picture isn't the brightest. On the contrary, the situation is, at present, on the downward move. Competition is intense, since all parties are trying to get the most favorable locations. Rental costs are so high that only the top companies are able to compete.

In France, the situation is completely different. There, we find 350 fast food units. Next to the classic U.S. chains, such as McDonald's and Burger King, we find many French enterprises competing.

In 1983, some 80 fast food restaurants of different types opened under the "O'Kitch" name, operated by former McDonald's franchisee, Raymond Dayan, who took on this new name after having lost his McDonald's franchise.

McDonald's is still looking for good localities in Paris, which—even for it—is very difficult. The largest French meat manufacturer, Socoba, just opened a chain called Free Time. They plan to open 12-15 new units a year. Grand Basar of Belgium, with 21 quick restaurants, is now trying to find out whether opportunities in France are better than in Germany.

Vie de France, owner of Le Moulin de Paris, has had little success in Europe, and is now concentrating on markets in Japan and the U.S. The Franchette program of Le Moulin de Paris (stuffed croissants) is trying to gain a foothold in France.

Brioche Dore of France has developed another croissant program with 60 units. Since the market is quiet it will try to open units in the U.S.

In Belgium, Quick-Hamburger has approximately 40 Units and McDonald's has 10. Wendy's and Kentucky Fried Chicken have closed their Belgian units.

The future for fast food business in Europe doesn't look too bright and, in the long run, the market is definitely trending downward. The leading positions are held by U.S. chains like McDonald's who are far ahead of any competitive European company.

On the other hand, we foresee many changes in the restaurant business relating to theme restaurants, family restaurants, and department store and supermarket catering. We will discuss these developments in a future issue of *Restaurant Business Magazine*.

Presence of Fast Food Chains in European Markets

Chain	Percent of Fast Food
McDonald's	33.5%
Kentucky Fried Chicken	12.5%
Burger King	6 %
Nordsee	6 %
Quick Hamburger	5 %
Wendy's	2 %

Presence of Fast Food in Great Britain

Fast Food Company	No. Units
Wimpy International (United Biscuits)	467
Kentucky Fried Chicken	365
Little Chef (Trust House Forte)	200
McDonald's	150
Pizzaland (United Biscuits)	80
Happy Eater (Imperial Group)	37
Burger House (privately-owned)	30
Silver Great (United Biscuits)	26
Grispin's (Manor Caterers)	25
Mr. Chipy (Manor Caterers)	19
Huckleberry's (Grand Metropolitan)	16
Mr. Big (privately-owned)	16
Seafarther (Assoc. Fisheries)	15
Wendy's	13
Casey Johns (British Rail)	10
Burger King	9
Burgerpark (privately-owned)	6
Burgerland (privately-owned)	5
Privately-owned units or new concepts	100

Market Segment Report

Sweet paradox proves profitable

by Jacque White Kochak

Healthy, weight-conscious customers are rewarding themselves for exercising and sticking to their diets by indulging in sinfully rich and satisfying ice creams, baked goods, and dessert confections.

Paradoxically, the same well-heeled, sophisticated customers who are fueling the growth of healthy foods restaurants are also propelling the growth of chains specializing in super-premium ice creams and other sweets, and causing restaurants to feature an array of luscious desserts.

"Why? We are a treat for people who have burned off all those calories," claims Jonathan Breiter, vice president of marketing for New York City-based Steve's Ice Cream. "We were approached to put an outlet in a major fitness center. We thought that was incongruous. But we were told that people want to reward themselves for all that hard work."

Steve's is among the companies that pioneered what is clearly one of the hottest trends in the ice cream segment, "mix-ins." The 38-unit chain, with units primarily in the Northeast and Midwest but expanding nationwide, makes 50 ice cream flavors on-premise offering 12 flavors daily on a rotating basis. Part of the fun is watching the ice cream scoopers mix in additional ingredients such as crushed candy bars, peanut butter cups, or fresh fruits.

Steve's, acquired in 1983 by Integrated Resources (which develops and markets investment programs, life insurance, and annuities), plans to develop 100 units in the next year, most of them franchised.

Super-premium ice cream is accounting for most of the growth in the ice cream segment. Part of the reason is that besides being a reward, super-premium ice cream satisfies a hunger for quality. This has been called a trend toward "high touch," or all that is homemade and wholesome.

The super-premium ice cream, distinguished by a high butterfat content and low air content, is being

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Hammerheads, in Monterey, Calif., offers customers an "all-you-can-eat" chocolate bar.

Sweet Snacks

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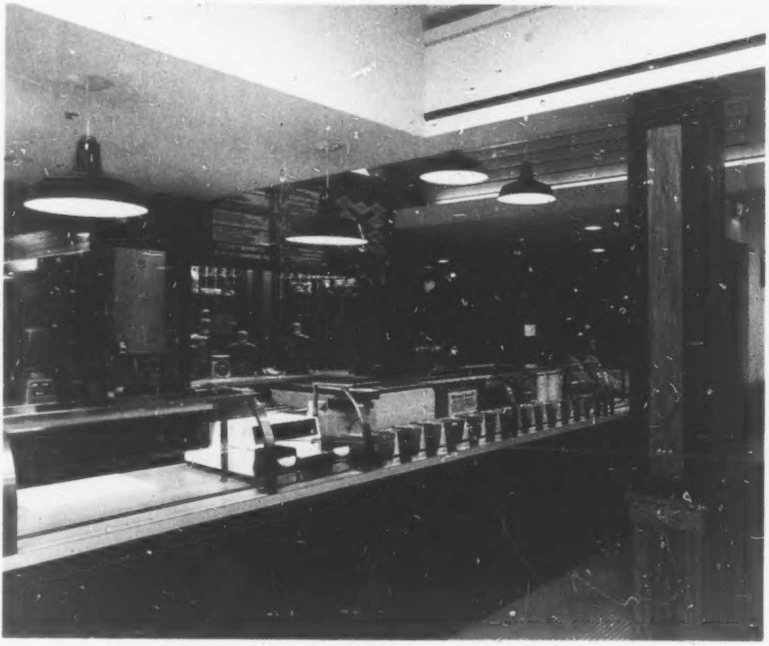
joined at the upper end of the ice cream segment by chains serving Italian-style ice cream—gelato—which is distinguished not by butterfat content but by density (overrun) because they contain almost no air.

Because customers have shown that they are willing to indulge themselves, several upscale ice creameries are adding additional seating and expanding dessert cafes, with cakes and pastries.

The ice cream giants, those well-established national chains appealing to a broad-based market, are also healthy though not growing as fast as the super-premium sub-segment. According to one ice cream industry expert, sales of super-premium ice cream increased 17 percent last year, compared to only a two percent increase in the total market.



A&W is opening Allen & Wright Ice Creamery stores in existing units.

According to data prepared by Crest, which tracks the percent of eating-out occasions when ice cream is ordered, verifies that, overall, ice cream consumption has not been on the upswing in the last few years. Between 1978 and 1984, customers consistently ordered ice cream (with dinner or at an ice cream parlor) between seven and eight percent of the times they ate out.

However, that may be changing. There is a feeling of optimism in the industry as many insiders agree that the average consumer seems more interested in soothing his sweet tooth.

"In the last 18 months traffic counts are up," says Harris Cooper, president of giant International Dairy Queen. "For the ice cream segment as a whole, sales have been either flat or on the decline for 15 or 20 years. I'm sure that what we're seeing is a change in the psychographics of the consumer."

Crest data also shows relatively steady consumption of other desserts (they are ordered on six to seven percent of dining out occasions), but that may very well change as quality baked goods and desserts become more common.

Emerging retail bakeries are adding seating and expanding their menus, calling themselves bakery/cafes. The bakeries are filling a void in many areas by introducing fresh-baked specialty breads and pastries to baby boomers raised on supermarket white bread. The chains are providing a quality product with streamlined methods, often employing skilled bakers in a central bakery and then providing frozen dough to be finished off at the unit level.

Chains in the donut segment continue to do well, although they have been affected somewhat adversely by the interest in nutrition and fit-

Swensen's new waffle-cone sundae has become a popular item.

ness. They've also been affected by the growth of fast food breakfast, which has eaten away at their traditional customer base—people looking for a quick breakfast. In response, they have expanded their lines of baked goods and in some cases added lunch.

As far as desserts in general, customers seem to love lavish, high-quality treats. "If people are going to have dessert, they want something rich. They want the real cream, the fresh chocolate. They don't want a little bowl of sherbet," says Terry Cera, a spokeswoman for Phoenix's Big Four Restaurants, whose Upper Crust Bakery supplies all the company's units with signature desserts.

Ice cream

Dairy Queen continues to dominate the ice cream segment because of sheer number of units (almost 4,800) and sales (almost $1.4 billion). Nobody else even comes close. Forty-six new units opened in 1984, and sales were up eight percent. A major product innovation for Dairy Queen is the "Blizzard," a variation on the popular mix-in practice, says Cooper. Dairy Queen's frozen dessert is blended by machine at high speed with various candy bars then served to the customer in a cup.

Dairy Queen has also responded to the trend toward super-premium offerings by introducing the "Queen's Choice" line to 1,500 units. Tested and rolled out over two years ago, the product now accounts for six percent of sales.

Baskin-Robbins, with 3,200 units worldwide, has always offered French vanilla and chocolate fudge, which it classifies as super-premium. The chain has no plans to offer more super-premium flavors and, in fact, has gone the other direction to offer a low-calorie diet dessert called "Special Diet," containing less than 1.5 percent butterfat.

Baskin-Robbins, with 1984 sales of $470 million, is continuing a steady expansion rate, with from 150 to 175 units to open in 1985. Emphasis is being placed on refurbishing and updating of units.

COOKIE CO.
COOKIE CO.
Chocolate Chip Cookie Company
THE WORLD'S MOST DELICIOUS COOKIE

Atlanta-based Chocolate Chip Company is among the largest cookie retailers.

Steve's was one of the first ice cream chains to offer "mix-ins."

Chicago-based Bresler's 33 Flavors, with 400 units and 1984 sales of $65 million, is one chain that tested a super-premium offering but pulled back. "Our shops are located in mid- to lower-income areas, and customers wouldn't pay the price we had to charge," says Albert Till, vice president and director of marketing. "There just wasn't a significant market in our shops for the product."

More important to Bresler's now is the "Struttin' Sundae," a giant homemade cone with a double dip sundae inside for $1.99.

Phoenix-based Swensen's Ice Cream, with 387 units and 1984 systemwide sales of $99.6 million, has also introduced a waffle-cone walkaway sundae that sells for between $2 and $2.50. The company is still testing an 18 percent butterfat super-premium line in its parlors, but is continuing to evaluate the product because of dissatisfaction with the flavor mix. Swensen's is also looking at a tofu-based product as well as a "mix-in" section. The company also is test marketing its ice cream in supermarkets in Arizona.

Swensen's expansion is continuing apace, with 50 units opened last year and about the same number to open this year.

Haagen-Dazs, the leader among the super-premium ice cream chains, boasts 300 units in 32 states. The chain, founded by Reuben Mattus in Brooklyn in 1970 and acquired by Pillsbury in mid-1983, generated about $70 million in sales

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during the year 1984.

Jay Tenenbaum, national marketing manager, says that Haagen-Dazs' expansion will continue at a "relatively aggressive but prudent rate" in key existing markets. Haagen-Dazs started all the fuss about super-premium ice cream several years ago with its 18 percent butterfat, low-overrun, all natural ice cream. Tenenbaum says that as soon as high-quality, low-overrun ice cream was identified as a growth market, the number of companies producing the product skyrocketed. He expects a "meltdown" or shakeout to begin occurring by next winter with only the strong, established chains able to maintain their share of the market.

Randall Stuart, director of marketing for Frusen-Gladje Ltd., concurs with that assessment. Lyndenhurst, N.Y.-based Frusen-Galdje, with 50 dipping stores, recently sold its trademark and formula to Kraft Inc., but retains rights to all bulk sales to dipping stores, restaurants and institutions. The company also retains rights to franchising the network of dipping stores.

The sale gives Frusen-Gladje a significant infusion of cash to step up expansion, as well as the benefit of Kraft's nationwide advertising of the Frusen-Gladje name. The super-premium pints distributed through supermarkets—the portion of the business purchased by Kraft—accounted for 90 percent of Frusen-Gladje's sales.

Plans call for having 100 units open by the end of 1985, with two-thirds being franchised.

Frusen-Gladje has also added a new tofu-based dessert called Gloria Vanderbilt Glace. The nondairy frozen dessert comes in nine flavors and actually was developed from a recipe that Gloria Vanderbilt shares with her friends and family.

In addition, Frusen-Gladje is putting a mix-in section into all its stores. The candies are mixed in by machine rather than by hand. Franchisees can also carry a full line of baked goods including pastries, muffins and croissants to round out daily sales and offset ice cream's seasonality. "We will position ourselves as a gourmet dessert shop," says Stuart. "The pay-off is sales increases of 20 to 30 percent.

Up and coming is Larry's Olde Fashioned Ice Cream Parlours. Based in Tampa. Founded in 1981, the company boasts 47 units, all franchised with most located in Florida. Another 30 units are under various stages of construction and expected to open by the summer.

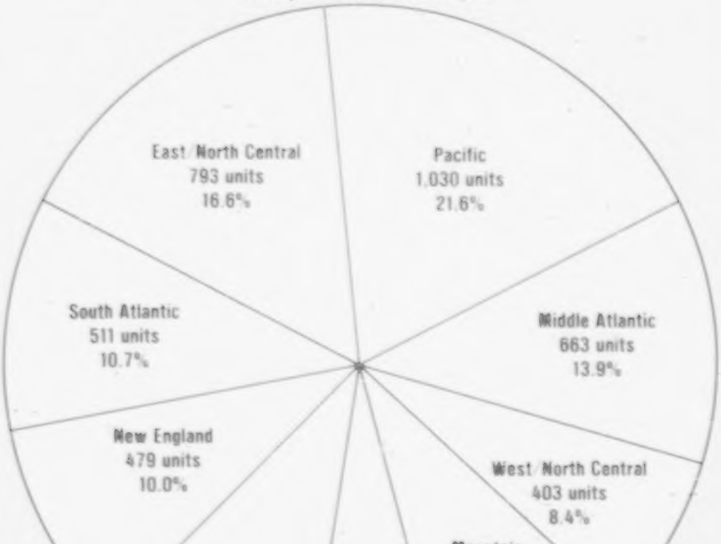
Larry's is distinguished by its unusual varieties of ice cream and parlor design which recreates the ambience of a 1940s or 1950s soda fountain, with dining rooms dominated by a solid oak bar and matching hand-carved backbar.

Other emerging regional chains include Vermont-based Ben & Jerry's Homemade Inc., which established itself as a feisty competitor by advertising "What's the Doughboy afraid of?" when Pillsbury's Haagen-Dazs tried to keep two of its distributors from carrying the new competitor; White Mountain Creamery and Herrell's out of Boston; Double Rainbow on the West Coast; and New York City-based Custom Creamery Flavor Factories.

Among emerging gelato chains are San Francisco-based Gelato Classico and Encinitas, Calif.-based Gelare. Both chains produce an ice cream with relatively high butterfat and absolutely no air pumped in. By contrast, sources say, Haagen-Dazs ice cream is about 20 percent air and Baskin-Robbins ice cream is about 50 percent air. The result of elimi-

Donut segment market share

The Pacific region has the highest concentration of donut shops with 21.6 percent of the total.



Note: Percentages represent distribution of donut restaurants by Census regions. There are 4,771 donut restaurants in the U.S.; 1.6 percent of total U.S. restaurants.
Source: Restaurant Consulting Group. RE-COUNT, Spring 1984.

nating air is a heavier product, served slightly warmer, with a taffy-like consistency.

Gelato Classico, established in 1976, has 30 units, primarily in California but with outposts in Utah, Arizona, Texas, Michigan, Georgia, and Colorado. Vice president Jeannie Hefferhan is rather close-mouthed about expansion plans, saying only that expansion will continue across the country. She also won't disclose 1984 sales.

Gelare's L. Douglas Keeney, executive vice president of sales and marketing and a co-founder of the concept, is more loquacious but also won't reveal sales figures. He says that Gelare's mandate is to "stand on the shoulders of Ruben Mattus and produce a new and better product, not just copy Haagen-Dazs."

Like Haagen-Dazs and Frusen Gladje, much of Gelare's success has come in the frozen foods department of supermarkets. However, Gelare also operates 16 dipping stores and is testing dessert cafes offering a full range of quality desserts. Such baked goods as croissants, cinnamon swirls, and Danish are baked off in an activity center in full view of customers. The Gelare Ice Cream Cafe, located in La Jolla, Calif., seats 20.

Keeney predicts that the industry will soon see a lot of "piggybacking," with ice cream concepts located inside or alongside other concepts.

One chain that is taking just that approach is A & W Root Beer, which two years ago entered into a franchising agreement with White Mountain Creamery. Ice cream centers are located right inside the door of five of A & W's "Great Foods" units, and according to Roger Chapman, director of marketing, the ice cream generates 10 to 20 percent in incremental sales.

The ice cream stands are treated as modules within the units, and Chapman says that the company is suggesting that some 600 A & W franchisees add the module to their units. "It's a tremendous revenue-building opportunity," he says.

A & W is also among those who have added a giant waffle cone, baked continually in full view of customers. Sundaes in a waffle cone cost $2.50.

Though the franchisor is White Mountain, the name of the A & W modules is Allen & Wright Ice Creamery to avoid confusion, says Chapman.

Another fast food company drawing significant incremental sales from ice cream is Columbus, Ohio-based G.D. Ritzy's, with 85 units in 12 states. Another 40 or so units will open this year, says Tom Santor, vice president of marketing.

G.D. Ritzy's bills itself as upscale fast food with a soda parlor atmosphere and a menu including chili, hot dogs, hamburgers, and a "gourmet" peanut butter and jelly sandwich. Year-round, some 35 percent of sales derive from the soda fountain; with a variety of shakes, sodas, and sundaes, and that percentage zooms to 40-45 percent in the summer, Santor says.

Bakeries

Specialty baking requires a skilled baker, which may be a vanishing breed. Yet several bakeries serving a luscious variety of croissants, breads, and pastries are expanding as demand increases. Typically, they supplement the baked goods menu with espresso, juices, croissant sandwiches, quiches, and other luncheon sandwiches.

To circumvent the need to have a

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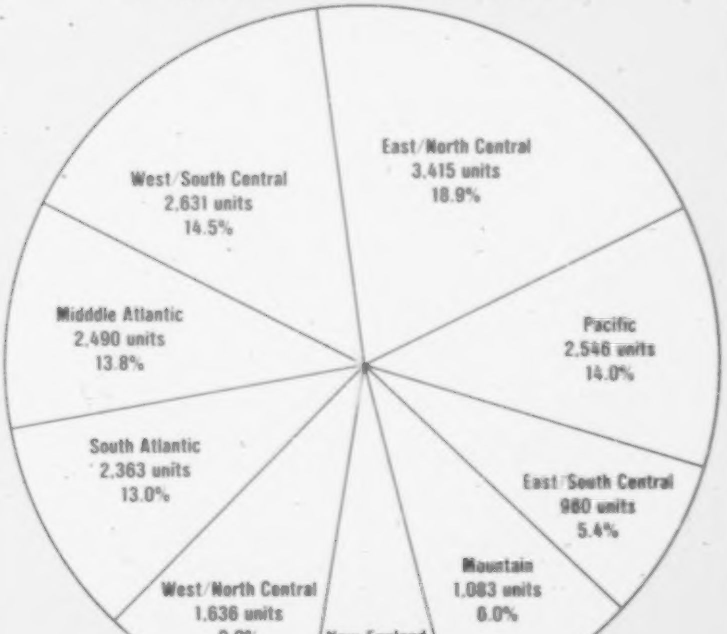
Ice cream segment market share

Concentration of ice cream establishments occurs in Middle Atlantic/East-North Central and West-South Central and Pacific regions. E/N Central has highest share with 18.9 percent of the total.



Note: Percentages represent distribution of ice cream restaurants by Census regions. There are 18,104 ice cream restaurants in the U.S.; 6.0 percent of total U.S. restaurants.
Source: Restaurant Consulting Group, RE-COUNT, Spring 1984.

California-based Gelare is testing a dessert cafe with 20 seats in La Jolla.

skilled baker on-premise at every unit, some of the bakeries are using a central bakery, complete with highly skilled specialists, then shipping frozen dough to units to be finished off, baked, and decorated.

One example is Stamford, Connecticut-based Paris Croissant, a subsidiary of France's La Brioche Doree. The units sell flaky, butter-rich croissants, brioches, turnovers, breads and quiches as well as salads, herb teas and fruit juices.

Worldwide, La Brioche Doree boosts 120 units in Western Europe and Canada. So far, seven company units have opened here, six in New York City and one in Boston. Franchising plans call for 200 franchised units in the Northeast, 30 of those opening in 1985."

Paris Croissant's baked goods are notable for their quality, which is ensured by the fact that a central bakery in Montreal makes the dough and shapes the croissants and brioches. The bakery, capable of supporting 200 units, ships the dough frozen.

Paris Croissant has attracted a considerable following, with units posting volumes of from $500,000 to $1.5 million on average checks of $2.50, says Jean-Pierre Jonqua, vice-president for development and president of the franchise corporation.

Also using a central bakery is Long Island-based Glass Oven International, a subsidiary of Minuteman Press. Minuteman Press is a franchisor of quick-printing shops, which may seem an unusual fit; however, the parent company was attracted to Glass Oven precisely because very little baking skill is required and the shops can be franchised to businessmen, not bakers.

Glass Ovens offer fresh baked breads, rolls, croissants and Danish along with various pastry items, cookies and cakes. The units also serve fresh ground coffee, and a selection of luncheon items. The biggest drawing card is that customers actually see items being baked in glass ovens behind the counter. The company currently has 30 units, with 20 more to open in 1985.

One emerging chain that is going the way of training bakers—in fact, sending some of them all the way to Italy—is San Francisco's Il Fornaio. There are 400 bakeries called Il Fornaio in Italy, and this empire of bread has crossed the ocean under the auspices of cookware manufacturer Williams-Sonoma.

Currently, there are 12 units in San Francisco and Southern California. The units, with bakery equipment made in Italy, turn out an ever-changing assortment of Italian regional breads and pastries, ranging from cornetti (croissants filled with choice of fruit jams, freshly ground almond paste or custard) to focaccias—similar to pizza topped with everything from artichokes and mozzarella to rosemary and garlic—to almond-paste cookies called bocche di lupo (wolve's mouths).

Another chain with a foreign twist, at least in the name, is Vie de France, based in Virginia and specializing in croissants. Vie de France operates 32 retail bakeries, several of them under the name "Fast 'N Fresh," a concept which incorporates sandwiches. The six new units that will open this year will all be "Fast 'N Fresh."

Vie de France is also a major supplier to other restaurants, 18 wholesale bakeries providing 1,800 customers with frozen dough and another 4,000 with fresh baked goods. Another 1,000 customers buy frozen baked goods, according to Lloyd Faul, president.

Total 1984 sales for the company were $55.7 million. The retail bakeries, which occupy 400 sq.ft. and produce cookies, croissants, brioches, and other baked goods from frozen dough, generated $6 million in over-the counter sales in 1984, Faul says. In the Fast 'N Fresh units, he adds, over-the-counter sales account for about one-third of total sales.

A more American-style baker is Chicago-based Cookie Factory and its sister concepts, the Bakery Cart and the French Baker. There are currently 80 Cookie Factories in 21 states, all in office buildings, malls and downtown urban areas. Joel Rifken, the company's president, projects that the number of units will double in the next 18 months.

The Cookie Factory specializes in cookies, as the name implies. The Bakery Cart is an expanded concepts that sells croissants, cookies, and pastries, and the French Baker is a full-service restaurant specializing in baked goods. All three concepts can be franchised as a package in the same mall.

Cookies alone are a popular snack, with units usually found in mall locations. One of the biggest retailers is The Original Great American Chocolate Chip Company, headquartered in Atlanta. The 254-unit chain will open 75 units every

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Steve's offers 50 ice cream flavors made on-premise and rotated daily.

year for the foreseeable future, says Renee Berry, director of marketing.

The chain offers six varieties of chocolate chip cookies as well as 12-in., 16-in. and pan size varieties that are custom-decorated and sold as edible greeting cards.

The popularity of cookie outlets was thought to be a fad, says Berry, but their longevity has cancelled that notion. Among other cookie retailers are Mrs. Field's in the West, David Cookies out of New York City, and Famous Amos which primarily sells to other retailers rather than operate its own units.

Donut concepts

Donut concepts have slowly been moving into position as full line bakers. An example is Dunkin' Donuts, with 1,359 units and sales of about $532 million, making it the largest donut chain in the country. The company currently is introducing fresh croissants to stores in the North Atlantic and Northeast areas, and biscuits to the South and West. The croissants come with chocolate, almond, or jelly filling or as luncheon sandwiches; the biscuits are dressed up as breakfast sandwiches.

Donuts contain a lot of sugar, and suffer from the image of "junk food," and that is one of the reasons Dunkin' Donuts has expanded its offerings, says Sidney Feltenstein, senior vice president of marketing.

That image, however, certainly hasn't hurt the chain; its growth rate has been impressive, thanks to improved operating standards, new product introductions, remodeling of stores, and a dramatic increase in its advertising budget.

Winchell's Donuts, a subsidiary of La Mirada-Calif. -based Denny's Inc., has also been expanding its offerings. A relatively new bakery line includes cheesecake, brownies, banana nut bread, chocolate/chocolate loaf, blueberry muffins, and a bran loaf. The company is also testing breakfast sandwiches served on an English muffin and a luncheon sandwich is still in test.

Winchell's currently has 840 units, with 25 or so company-owned units to open this year. An important development is that Winchell's is beginning a new franchising program to achieve more rapid growth. The move comes partly as a result of Denny's recent leveraged buy-out and the tightening up of capital available for opening new units. Winchell's 1984 sales were close to $200 million.

The other major player in the donut segment is Minneapolis-based Mr. Donut, with 656 units in the U.S. and internationally. At the end of the fiscal year, 529 of those were located in the U.S.; 1984 sales are not disclosed. Mr. Donut is continuing to roll out muffins, a variety loaf, butter cookies, croissants, and different flavors of bagels as well as soup and biscuits. The company is enhancing the image of units.

Other sweets

Sweet snacks cover an unbelievable spectrum, from frozen yogurt to frozen bananas. Many restaurents have successfully enhanced their business with lavish dessert programs and signature items. Luxurious Nipper's in Beverly Hills, specializing in champagne and caviar, has an absolutely sinful chocolate cake; L.A.'s upscale Ivy has a whole bakery, under the banner of L.A. Desserts, turning out goodies.

One company that specializes in desserts is Phoenix-based Big 4, which founded a bakery called The Upper Crust to cater to its various concepts. The bakery alone generates $1 million in sales a year, says spokeswoman Terry Cera and the desserts have boosted check averages by about two percent in the last two years.

Big 4's desserts range from a carrot cake with buttercream frosting and nuts served at Oscar Taylor's to a rum-soaked tier cake, laced with fruit, called Zuppa Inglesa served at Pop's, to the "To Die For" chocolate cake at The American Grill.

Big 4's 12,000-square-foot bakery utilizes two delivery trucks to distribute the fresh pastries.

Also drawing attention with its desserts is Hammerhead's in Monterey, California. Hammerhead's specialty is the "chocoholic bar," a self-serve bar with some 20 varieties of chocolate desserts ranging from chocolate cheesecake to chocolate petits fours, chocolate truffles, and macadamia chocolate tortes. Six apothecary jars are filled with a variety of candy. An ice cream machine and a hot fudge warmer are built right into the bar.

Owner Glenn Hammer says that chocoholics are "coming out of the closet." The chocolate bar is priced at $4.95 with lunch or dinner, and $6.50 a la carte. Believe it or not, some people order it as an entree. One-third to one-half of customers partake of the chocolate bar.

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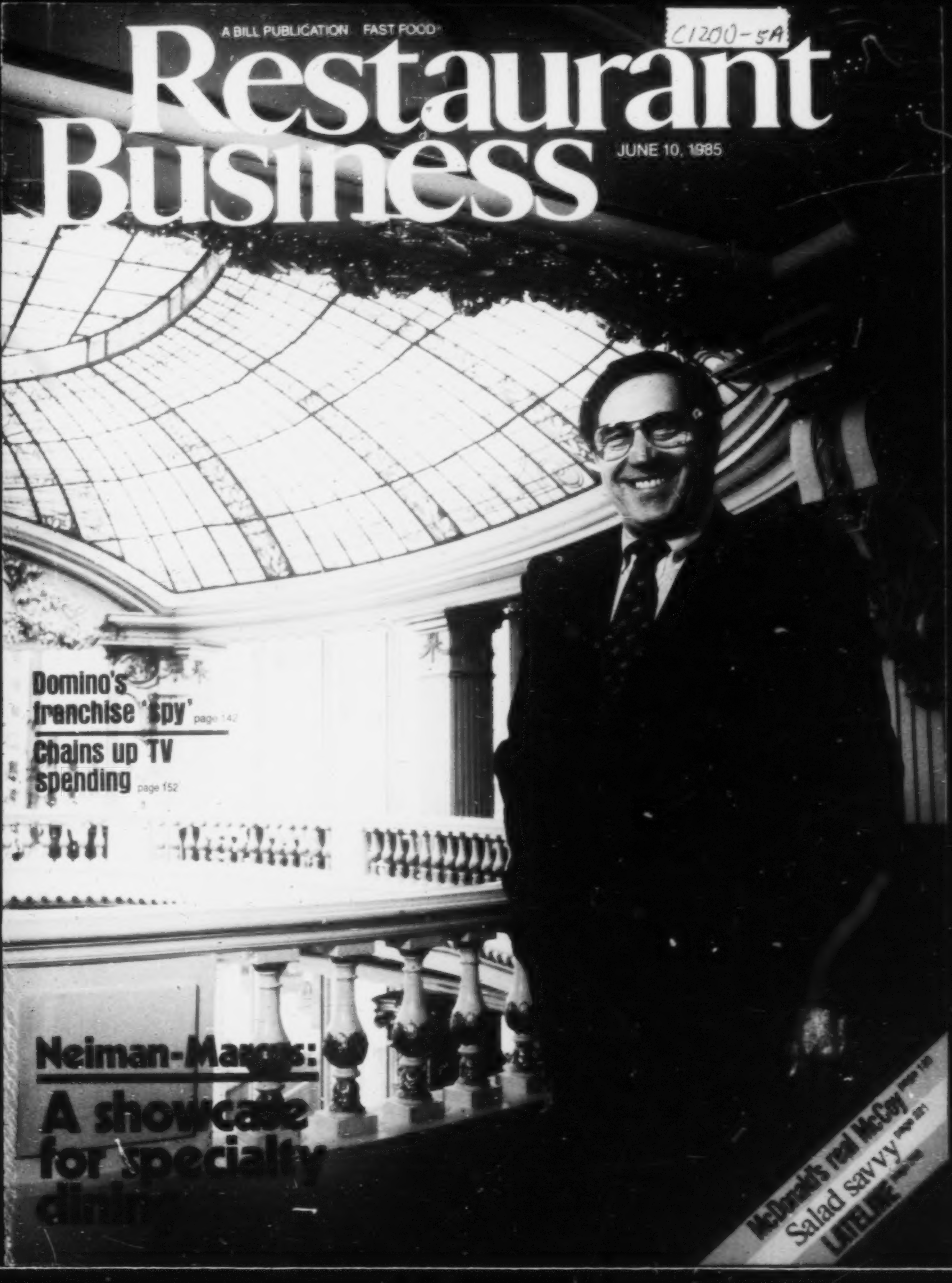
A BILL PUBLICATION FAST FOOD

Restaurant Business

JUNE 10, 1985



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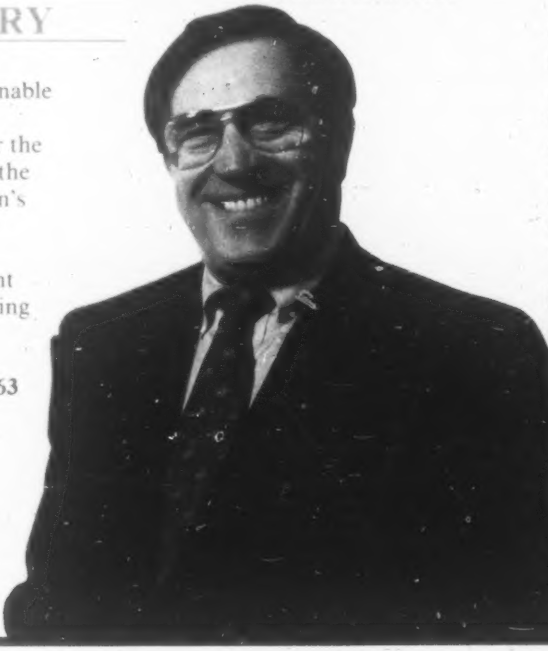

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Cover photograph by George Selland.

The Tax Bite

Taking money out of your firm

by Irving L. Blackman

Most successful closely held corporations are built by an army of one—the overworked, energy-charged entrepreneur with a vision. Survival usually is the first priority. Then profits and building corporate equity become business goals. Finally, success appears. Now, the goals shift—getting money out of the corporation becomes top priority.

Here is a list of the major ways to take money out of a closely held corporation, ranging from the best to the least desirable:

- Payments deductible by the corporation, which are tax-free to the shareholders and provide a current benefit. These include: Fringe benefits, such as medical and legal reimbursement plans; group term-life insurance (up to $50,000); travel and entertainment expense reimbursements; and tuition assistance.
- Pension and profit-sharing plans to the extent the participant/owner/shareholders can borrow from the plan. The law limits participant loans to the greater of $10,000 or half of the participant's vested benefit, but not more than $50,000.
- Payments that are deductible to the corporation and taxed to the shareholder, but provide a current benefit. Examples include salaries and bonuses.
- Payments that are currently deductible to the corporation, are taxable to the shareholder when received, but will not be received until later. The typical pension and profit-sharing plans fit in here.
- Payments that are nondeductible to the corporation, but result in current benefits to the shareholders, do not have to be repaid, and result in capital gains (or losses). This is the world of stock redemptions.
- Payments that are nondeductible to the corporation and fully taxable to the shareholder. This is the last and least desirable method, the dividend option.

Nontax considerations should, of course, be made as well. The ranking is, at best, suggestive only, and should be modified to your unique facts and circumstances. No matter how you juggle the list, dividends will come up at last!

Send for the special report, *How To Take Money Out of Your Closely Held Corporation,* $21 to: Blackman, Kallick & Co., Ltd., 180 N. LaSalle St., Chicago, IL 60601.

Compare deductions

Everyone knows it: The more you deduct, the less your tax. On the other hand, this is also a fact: The greater your deductions, the greater your chance of a tax audit. Every year, the IRS gives you a peek at the deduction level of your fellow taxpayers. The accompanying chart takes a look at the deductions taken on 1983 tax returns filed in 1984.

The medical expense deduction is a bit of a fooler because only expenses in excess of five percent of adjusted gross income are deductible. Because of this, most taxpayers claim no medical expense deduction.

Don't get overwhelmed by how much the other guy deducts. There is no such thing as an average deduction. Use the figures only for comparison. The rules are clear: You can only deduct expenses actually paid. In addition, if you are audited, you must prove your deductions. So, keep your receipts and other documentation.

The author, an attorney and a certified public accountant, is senior partner at Blackman, Kallick and Co., Chicago and author of "Winning the Tax Game."

NATIONAL AVERAGE DEDUCTIONS CLAIMED FOR 1983

Deduction	30-40*	40-50*	50-75*	75-100*	100-200*
Medical Expense	$1,405	$1,872	$2,741	$5,900	$ 8,544
Taxes	2,690	3,437	4,711	6,833	10,580
Contributions	900	1,113	1,553	2,697	4,860
Interest	3,778	4,679	6,259	9,187	13,375

* Adjusted gross income in thousands of dollars

Chains boost TV ad expenditures

Restaurant and fast food chains increased their television advertising budgets significantly more than the total increase for all TV advertisers in 1984, the Television Bureau of Advertising reports. The foodservice segment increased spending a whopping 31 percent, to $929.8 million; TV advertising as a whole rose only 18 percent, to $8.5 billion, a hefty $1.5 billion increase over 1983.

The restaurants continued to spend a greater portion of their advertising dollars on spot television. The 1984 expenditure was $577.6 million, up 16 percent from the year earlier. Still, they seem to be favoring more network ads. Although the dollar figure they spent on network ads was less than for spot—at $352.1 million—the increase was a tremendous 65 percent over 1983.

Only one other advertising group increased its ad spending more on network TV, and that was consumer services (telephones, credit cards), which doled out an amazing 73 percent more money over 1983.

Nine groups spent more than the restaurant group on network advertising, led by the the food and food products category, which far exceeded any other advertiser category by spending $1.4 billion. (Confectionery and soft drink advertisers spent an additional $369.4 million.)

Out of all retail network advertisers, however, the restaurant group's $352.1 million was the most spent. Food stores and supermarkets, although they increased spending 453 percent, spent only $8.7 million, and U.S. hotels and resorts decreased spending by 15 percent to $17.3 million. Department stores were second to restaurants spending about half with $173.4 million.

Restaurants spent more than food stores and U.S. hotels on spot TV ads too. The foodservice group spent $577.6 million, compared to $243.9 million for food stores and supermarkets and $57.7 million for U.S. hotels and resorts.

In both network and spot television, six companies that own restaurants ranked among the top 25. McDonald's, which increased its spending 101 percent for network and decreased it 13 percent for spot TV, ranked 10th on the list of network advertisers. Other companies

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TOP 15 RESTAURANT AND FAST FOOD CHAIN ADVERTISERS NETWORK AND SPOT TELEVISION - 1983 vs. 1984 **

	1983 Network	1983 Spot	1983 Total	1984 Network	1984 Spot	1984 Total	% Change
1. McDonald's	$80.9	$105.0	$186.0	$162.5	$91.5	$254.0	+37
2. Burger King	35.6	46.8	82.5	51.3	78.1	129.4	+57
3. Wendy's	18.7	31.0	49.7	34.7	38.8	73.5	+48
4. Kentucky Fried Chicken	30.6	19.2	49.8	39.2	23.7	62.8	+26
5. Pizza Hut	17.0	30.1	47.2	18.2	40.0	58.2	+23
6. Red Lobster Inns	7.7	21.1	28.8	13.6	16.2	29.7	+3
7. Taco Bell	—	18.6	18.6	—	28.5	28.5	+53
8. Hardee's	—	17.6	17.6	7.0	18.5	25.5	+45
9. Long John Silver's	—	17.6	17.6	—	19.6	19.6	+11
10. Denny's	12.2	4.5	16.6	15.3	3.6	18.9	+14
11. Jack-in-the-Box	.2	14.8	15.0	—	13.3	13.3	-12
12. Arby's	6.3	7.7	13.9	4.4	8.1	12.6	-10
13. Sizzler	—	8.8	8.8	—	11.2	11.2	+26
14. Dairy Queen	—	10.6	10.6	—	11.0	11.0	+3
15. Godfather's Pizza	—	8.1	8.1	—	9.0	9.0	+12
Category Total*	$213.4	$498.1	$711.5	$352.1	$577.6	$929.8	+31

Source: Television Bureau of Advertising from Broadcast Advertisers Reports Data.

**Total includes all restaurant and fast food advertisers.*

*** Figures are rounded and in millions.*

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Give yourself.

United Way

THANKS TO YOU IT WORKS
FOR ALL OF US

Ad

continued from page 152

on the network top 25 list include General Mills, Pillsbury, R.J. Reynolds, Ralston Purina, and Pepsico.

The list of the top 25 local/retail television advertisers is where the restaurant industry makes the strongest showing with seven companies. The top four on the list are: McDonald's, Pillsbury (Burger King), Pepsico (Pizza Hut, Taco Bell), and Wendy's International, respectively. Other foodservice advertisers are R.J. Reynolds Industries (Kentucky Fried Chicken), Jerrico (Long John Silver's), and General Mills (Red Lobster Inns).

As usual, McDonald's spent far more than any other foodservice company on combined TV advertising in 1984. Its total expenditure of $253.9 million ($162.5 million, network and $91.5 million, spot) was 37 percent more than 1983.

Its two closest contenders, Burger King and Wendy's, increased their ad spending a whopping 57 percent and 48 percent respectively, but combined still don't come close to reaching McDonald's expenditure. Burger King spent $129.4 million ($51.3 million, network and $78.1 million, spot), and Wendy's spent $73.5 million ($34.7 million, network and $38.8 million, spot). For the first time, Wendy's outspent chicken giant Kentucky Fried Chicken, which even with a 26 percent increase fell behind to fourth place, by spending a total of $62.8 million on TV advertising ($39.1 million, network and $23.7 million, spot). The other big spender was Pizza Hut, which increased its advertising budget by 23 percent to $58.1 million ($18.2 million, network and $40.0 million, spot).

Others who increased their ad budgets considerably were: Taco Bell, up 53 percent; Hardee's, up 45 percent; Sizzler, up 26 percent; Denny's, up 14 percent; Godfather's Pizza, up 12 percent; and Long John Silver's, up 11 percent. For Hardee's, its $7 million expenditure on network ads marked a first there.

Jack In The Box and Arby's were the only two companies of the top 15 to cut their ad budgets—by 12 and 10 percent, respectively.

Analyzing shifts in restaurant growth

Across the country the total number of restaurants has increased 2.78%. Consumers can now choose from the great variety of over 300,000 restaurants.

Today's changing consumer tastes and geographic locations are causing new shifts in the restaurant industry. Across the country the total number of restaurants has increased 2.78% from 1983 to 1984, according to the National RECOUNT study.

The numbers of restaurants in certain food categories are growing at a faster pace than others. Oriental restaurants and upscale full menu restaurants were the fastest growing categories in 1984. Both are up 10%, way above the national average. Chicken restaurants are up 7% while pizza is growing at 6%.

Pizza establishments now slightly outnumber hamburger restaurants. Pizza restaurants account for 10.3% of total restaurants in the U.S. while hamburger restaurant units make up a slightly lower proportion of 8.8%—after having increased by only 4.0% this year. Mexican restaurants are still growing at an above average rate, but are slower than their rapid expansion over the past several years. The 4% growth rate in number of units in both the hamburger and the ice cream categories has also outpaced the rest of the industry in 1984.

Ice Cream restaurants remain in the number three spot from 1983 and account for 6% of the nation's establishments. Oriental (4.4%), family full menu (4.1%), Mexican (3.9%), and chicken (3.6%) restaurants are all similar in proportion among the total restaurants.

Regional growth is faster in certain areas than others due to population migration and regional preferences. Even so, there is no overall restaurant decline in any of the nine census regions. In fact, the slowest growing region is the Eastern North Central, which is still up about 4.0%. The fastest growing region is the South Atlantic (5.4%) followed by the Pacific region (4.3%), Mountain Region (3.5%) and West/South Central Region (3.2%).

The New England census region is mainly dominated by pizza restaurants. A little over 13% of all restaurants are pizza units. Ice cream is the second category that captures a fair size of all eating establishments in New England at 6.0%. Hamburger operations take the back seat in this region since they only account for 4.7% of all restaurants. The New England census region has the lowest proportion of hamburger establishments in the country.

In the Middle Atlantic region, pizza restaurants account for well over 13% of all eating establishments. In fact, this particular region has the highest concentration of pizza restaurants in the U.S. Hamburger units account for 5.2% of the total market, still below the national average of 8.8%. Oriental and ice cream restaurant categories outnumber hamburger restaurants here. Each category, Oriental and ice cream, accounts for 5.5% of total restaurants, both above the national average. Italian restaurants fare well in the Middle Atlantic region and are well

Restaurant growth by category

Categories	Above average growth
Oriental	10%
Upscale Full Menu	10%
Chicken	7%
Pizza	6%
Mexican	4%
Ice Cream	4%
Hamburger	4%
	Below average growth
Cafeteria	1%
Fish/Seafood	1%
Steak	1%
Italian	1%
BBQ	*

**Less than 1%*

TOTAL U.S. RESTAURANTS BY REGION *

MENU CATEGORY	Total US	New England	Middle Atlantic	E/N Central	W/N Central	South Atlantic	E/S Central	W/S Central	Mountain	Pacific
Restaurants	302,837	16,538	45,678	50,926	22,162	44,531	15,195	40,908	17,608	49,291
Sandwich Menu	39,010	1,521	4,297	6,936	2,887	6,573	2,501	5,839	2,402	6,054
Hamburger	26,585	777	2,306	4,227	2,292	4,227	1,972	4,286	1,669	4,293
Roast Beef	2,150	87	396	546	129	450	96	154	140	152
Hot Dogs	2,526	57	291	738	75	266	116	338	142	503
Subs	3,766	383	742	524	191	748	84	428	239	427
Other	3,983	217	472	455	200	882	233	633	212	679
Deli/Bagel	4,076	239	704	475	204	655	156	326	247	1,070
Chicken	10,879	216	732	1,872	204	2,328	935	2,133	520	1,485
Pizza	31,053	2,213	6,334	6,797	2,157	4,003	1,319	2,710	1,640	3,880
Fish/Seafood	8,531	545	1,052	984	315	2,189	666	1,216	270	1,294
Steak Menu	7,751	300	815	1,283	745	1,536	589	1,077	521	885
Family Steak	3,568	98	296	653	311	874	369	441	211	315
Upscale Steak	838	39	94	90	45	165	31	178	57	139
Unclassified Steak	3,345	163	425	540	389	497	189	458	253	431
Ethnic Menu	32,063	1,357	4,583	3,900	1,753	3,704	727	4,488	2,398	9,153
Mexican	11,851	116	410	1,265	829	909	301	2,704	1,331	3,986
Oriental	12,487	697	2,522	1,497	633	1,581	273	1,172	604	3,508
Italian	4,096	358	1,014	573	141	659	84	246	253	768
French	1,285	84	234	107	36	235	25	125	78	361
German	338	11	43	67	25	36	3	31	26	96
Spanish	144	3	26	6	4	25	1	30	10	39
Greek	618	34	95	173	32	117	12	44	43	68
Indian	189	6	66	18	5	28	1	14	6	45
Soul Food	124	1	9	17	5	31	8	18	3	32
Other	931	47	164	177	43	83	19	104	44	250
Barbecue	5,228	26	134	488	249	1,096	632	1,912	146	545
Full Menu	14,075	909	1,581	3,116	1,069	2,161	872	1,207	823	2,337
Family Style	12,324	848	1,394	2,900	977	1,880	784	916	718	1,907
Upscale	1,751	61	187	216	92	281	88	291	105	430
Crepe	145	6	26	19	4	28	4	6	9	43
Pancake/Waffle	1,873	88	112	256	110	579	167	186	156	219
Cafeteria	2,624	21	96	352	240	611	178	642	164	320
Ice Cream	18,104	960	2,490	3,415	1,636	2,363	980	2,631	1,083	2,546
Donut	4,771	479	663	793	403	511	147	472	273	1,030
Refreshment	3,210	128	342	529	245	478	179	611	159	539
Specialty Menus	2,330	110	223	342	85	374	106	386	157	547
Natural/Health	763	37	96	81	28	111	25	92	72	221
Yogurt	296	5	28	5	5	22	6	102	20	103
Potato	238	3	21	32	14	43	7	63	18	37
Pretzel	109	1	17	23	6	18	6	25	5	8
Soup	286	46	26	28	8	28	11	39	21	79
Chili	286	1	4	147	20	13	34	26	12	29
Biscuit	189	2		6		125	16	30	3	7
Fondue	32	1	8	11		3			4	5
Other	131	14	23	9	4	11	1	9	2	58
Miscellaneous	22,658	1,330	4,320	2,553	2,882	2,216	1,128	3,342	1,399	3,488
Truck Stops	763	8	45	163	112	107	78	144	64	42
Cafes	11,284	464	644	1,242	2,256	777	676	2,248	1,001	1,976
Coffee Shops	3,584	198	803	366	197	301	79	350	195	1,095
Grills	2,388	93	467	417	169	526	169	296	64	187
Diners	2,336	286	1,129	200	103	258	88	176	36	60
Luncheonettes	2,303	281	1,232	165	45	247	38	128	39	128
All Other Rests.	94,456	6,090	17,174	16,816	6,520	13,126	3,909	11,724	5,241	13,856

SOURCE: RE-COUNT 1984

■ *Unit indicates concentration by region*

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above the national average at 2.2%.

The fast growth in the South Atlantic region (5.4%) can be attributed to hamburger and pizza restaurants. Hamburger outlets account for the majority of eating establishments in the South Atlantic at 9.5%, up 4.5% from last year. Pizza is the second most prevalent restaurant category in this census region with 9.0% of units. Third are ice cream establishments at 5.3%. In particular, the South Atlantic census region has the highest proportion of fish/seafood restaurants (4.9%).

In the East South Central, hamburger units account for 13% of total restaurants. This census region leads in the hamburger category across the United States. The East South Central also has the highest concentration of chicken establishments at 6.2%—way above the national average of 3.6%. Pizza and ice cream restaurants are the next establishments that lead in this region at 8.7% and 6.4% respectively. As would be expected in this census region, barbecue restaurants are widespread at 4.2%, much higher than the 1.7% national average. Oriental, Mexican and Italian are all below the national average in this region.

The West South Central region's above average growth rate of 3.2% can be attributed to the high concentration of hamburger, Mexican and pizza restaurants. Mexican restaurant popularity is probably related to the Mexican influence in this part of the country.

As in 1983, pizza concentration remains the lowest in this particular census region in comparison to the total U.S. The West South Central region has the highest proportion of barbecue restaurants, over double the national average at 4.7%, slightly above the level in the East South Central region.

The East North Central, which accounts for the largest proportion of restaurants in the total U.S., is dominated by pizza establishments (13.3%) and secondly by hamburger units (9.2%). Family full menu restaurants are concentrated in this region at 5.7% of total restaurants. Ice cream establishments are above the national average at 6.7%, second to the West North Central for concentration.

Ice Cream establishments located mainly in the West North Central census region account for 7.4% of total restaurants. Hamburger units (10.3%) and pizza units (9.7%) are the two leading restaurant categories within the region.

Although not the most concentrated region with steak units, the West North Central is above the national average at 3.4% of restaurants being steak restaurants. This region has the lowest concentration of fish/seafood establishments in the country at 1.4%.

A somewhat higher concentration of Mexican restaurants exists in the Mountain census region (7.4%). The most prevalent eating establishments within the region are hamburger restaurants and secondly, pizza restaurants. Chicken, Oriental, fish/seafood and barbecue restaurants are slightly below the national average. Italian restaurants in the Mountain census region are on a par with the national average at 1.4%.

The highest concentration of Mexican restaurants is in the Pacific census region, accounting for a little over 8.0% of total restaurants. There are more Mexican restaurants than pizza restaurants in the Pacific. Oriental restaurants are also more concentrated in this census region,

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Restaurant growth by state

States	Above average growth
Wyoming	12.9%
Nevada	8.3
Florida	7.9
Rhode Island	7.6
Utah	7.3
District of Columbia	6.3
New Mexico	6.1
Louisiana	6.2
Tennessee	6.0
Delaware	5.8
Virginia	5.7
South Carolina	5.3
Iowa	5.0
California	4.8
Georgia	4.8
	Below average growth
New Hampshire	−1.7%
Missouri	−1.6
Arkansas	−.2
Hawaii	−.2
Indiana	−.2
Wisconsin	.3
Ohio	.3
Vermont	.3
South Dakota	.5
North Dakota	1.3
Mississippi	1.6
Maryland	1.7

Restaurant Growth

continued from page 202

comprising 7.1% of total restaurants. Hamburger and pizza restaurants are not as prevalent in the Pacific census region and fall below the national average at 8.7% and 7.9%, respectively. The Pacific census region also has the lowest concentration of ice cream establishments in the country (5.2%).

The restaurant growth rate on a state-to-state basis is scattered across the U.S. Some large percent growth changes in states such a Wyoming (12.9%), Rhode Island (7.6%), Delaware (5.8%), District of Columbia (6.3%) and New Mexico (6.2%) are a result of a few restaurant expansions from an originally small base of restaurants.

Nevada's restaurant growth (8.3%) is a result of new pizza restaurants. Twenty-four units opened in 1984 specializing in pizza.

Florida's continued growth (7.9%) is attributed to pizza (149 units), chicken (115 units), ice cream (106 units), and hamburger (100 units) restaurant expansions.

Utah, at 7.3% growth is expanding mainly in chicken restaurants (20 units) followed by steak restaurants (14 units).

Louisiana's 6.2% expansion in 1984 is a result from new Oriental restaurants (42 units), chicken restaurants (32 units) and hamburger restaurants (27 units).

Tennessee's growth at 6.0% is attributed to additional hamburger restaurants (81 units), chicken restaurants (63 units) and pizza establishments (62 units).

Virginia, growing at a rate similar to Tennessee, is at 5.7%. An increase in pizza restaurants (53 units) as well as Oriental restaurants (43 units) has spurred this growth.

South Carolina's rate of expansion (5.3%) is accounted for in the opening of 20 new pizza units and 10 ice cream restaurants. Again, a small base of original restaurants causes a large percent growth rate to appear.

Still above the national average is Iowa at 5.0% growth. Fifty-four units of ice cream establishments and 35 units of chicken restaurants account for this growth.

California, at 4.8% growth from 1983 to 1984, is expanding primarily in hamburger restaurants (219 units), pizza restaurants (290 units) and Mexican (152 units).

Georgia, also at 4.8% growth, is mainly expanding in chicken restaurants (45 units) and hamburger restaurants (37 units). □

The number of restaurants per region, state and selected Standard Metropolitan Statistical Areas was provided by RE-COUNT, a service of Restaurant Consulting Group, Inc., Kenilworth, Il. RE-COUNT (Restaurant Count by Market) delineates the presence and count of chain and independent restaurant units for every market in the contiguous 48 states and for every county within each market. The report provides the number of restaurants in each of 32 categories, classified by the type of food served or operation format. The first RE-COUNT was completed in the Spring of 1982 and is updated annually. The data in this report reflects counts as of Spring 1984.

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1. An uncomfortable pressure, fullness, squeezing or pain in the center of your chest behind the breastbone.
2. The sensation may spread to your shoulders, neck or arms. If it lasts for two minutes or more, you could be having a heart attack.
3. Severe pain, dizziness, fainting, sweating, nausea or shortness of breath may also occur, but are not always present.

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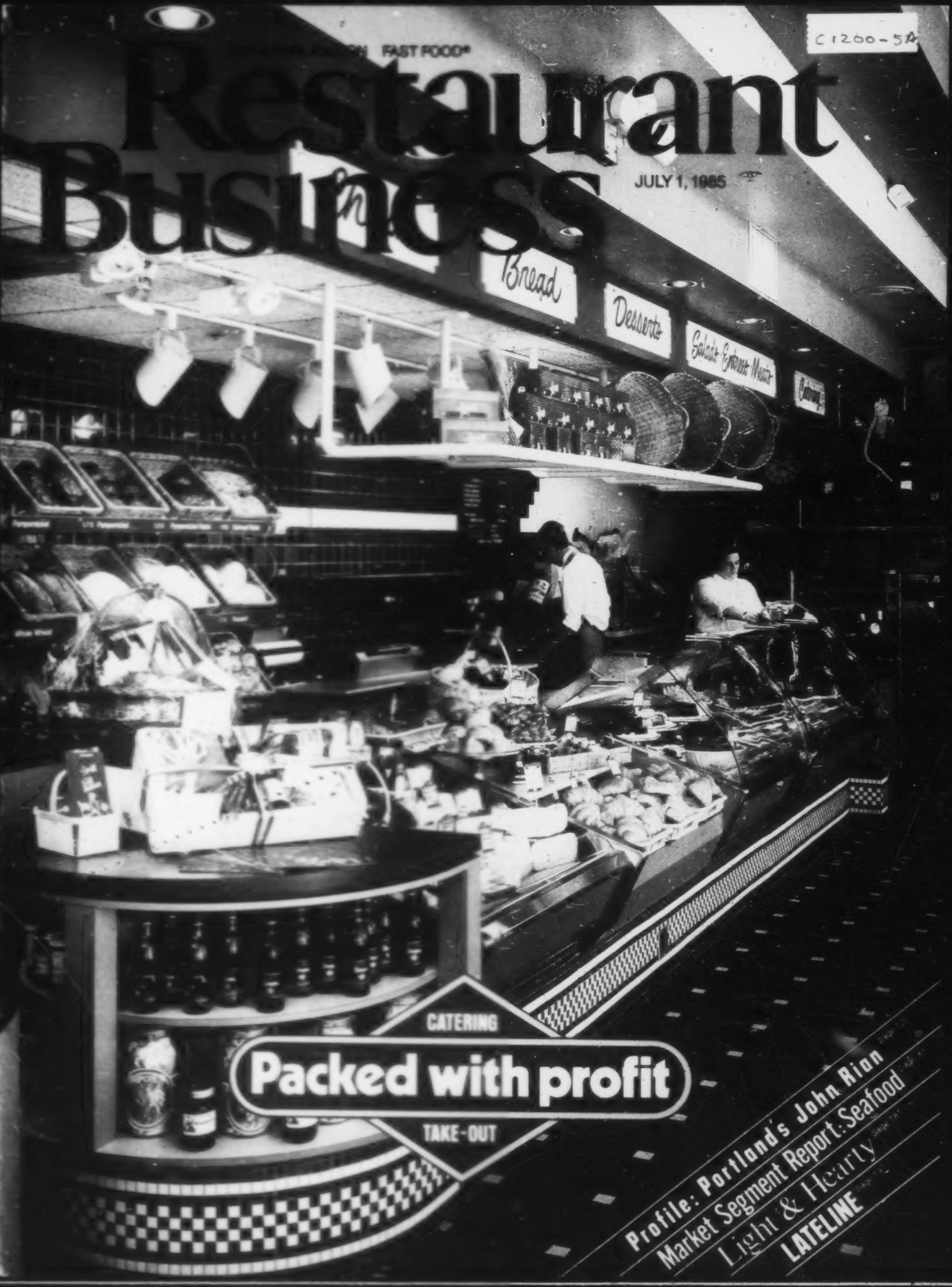
Restaurant Business

JULY 1, 1985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Restaurant Business

July 1, 1985 VOL. 84 NO. 10

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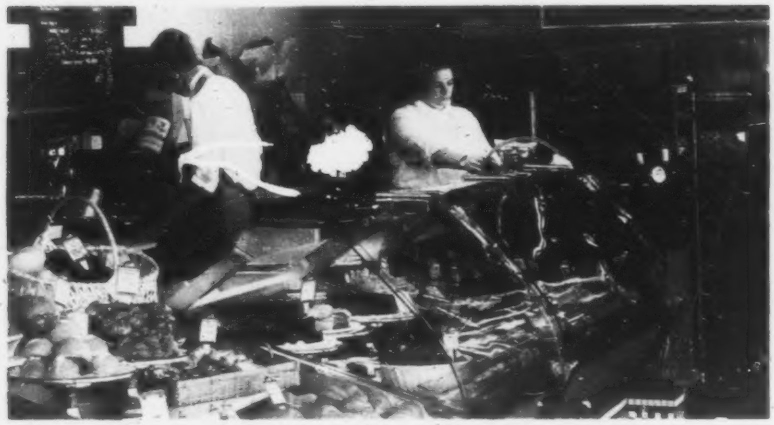
COVER STORY **Packed with profit**



Foodservice operators are looking for "profit multipliers," strategies such as catering and take-out to increase volume and maximize investment. This in-depth article examines this trend and takes a close-up look at five diverse concepts which have developed an "add-on" business—American Cafe, Westin St. Francis, Motorola's Food Works, Errant Enterprises' Timbers Charhouse, and KFC franchisee Chix Inc. 129

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Cover photo by
Maxwell MacKenzie

Market Segment Report

Skipper's whets customers' appetites with All-You-Can-Eat shrimp specials.

Seafood operators take a fresh approach

by Jacque White Kochak

For national chains, the big word this year is 'fresh.' For popular regional chains and independents, freshness has always been the key to success.

The seafood segment continues to be dominated by independents—some of them near legendary—and by regional chains.

In fact, interest in seafood is highly regional, with America's vast inland largely lacking the pleasures of fresh fish until recently, as the segment's few national chains have begun to add fresh entrees and as existing multi-concept companies, such as Kansas City's Gilbert/Robinson Inc. and Chicago's Lettuce Entertain You Enterprises, have added fresh seafood concepts to their portfolios.

There are some 8,531 fish and seafood restaurants in the United States, or 2.8 percent of total restaurants, according to Re-Count data prepared by the Restaurant Consulting Group.

By far the largest number of seafood restaurants are located in the South Atlantic region, where 2,189 fish/seafood restaurants make up 4.9 percent of total restaurants (44,531) in the region, and 27.2 percent of total seafood restaurants. Seafood restaurants do not hold as great a share of the market on the West Coast as might be expected; although there are 1,294 fish/seafood restaurants, they make up only 2.6 percent of total restaurants (49,291), and 15.1 percent of total seafood restaurants.

In the New England region, 3.3 percent of total restaurants (16,538), or 545 establishments, specialize in fish/seafood. In the Middle Atlantic region, 1,052 restaurants, or 2.3 percent of total restaurants (45,678) in the region, specialize in seafood.

The East/South Central and West/South Central regions boast a comparatively high number of seafood or fish restaurants. A total of 4.4 percent of all restaurants in the region, or 666 establishments, serve fish/seafood in the East/South Central area, and 3.0 percent of all restaurants in the region, or 1,216 restaurants, serve seafood/fish in the West/South Central area.

Not surprisingly, fish/seafood restaurants in the East/North Central, West/North Central, and Mountain regions are few and far between. (See accompanying chart for regional data.)

Preferences in seafood also are very regional. In many Southeastern states, the favorite selection is catfish, and regional chains are slowly pushing the boundaries of the "catfish belt" further north. Fried fish does well in Texas, but on the West Coast it had better be mesquite-grilled. Chicago natives love walleyed pike, but you can't give it away on the West Coast.

For the limited number of national chains serving fish and seafood, the big word right now is "fresh." Orlando, Fla.-based Red Lobster and Seattle, Wash.-based Sea Galley are now offering fresh fish menus, and Bellevue, Wash.-based Skipper's fillets are all fresh.

Of course, seafood independents have always built their reputations on a fresh product, and some of America's most famous restaurants are stars of the seafood segment, renowned for their just-caught bounty. Anthony's Pier 4 in Boston, Joe's Stone Crab in Miami, Phillips Crab House in Ocean City, Maryland,

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Seafood *continued from page 93*

Natchez-based Cock of the Walk serves catfish, a popular Southern dish, in units that look like cypress shanties. Fifteen units are open in the Southeast with 14 more to open this year.

and Anthony's Fish Grotto in San Diego are among the many well-known independents. The popularity of these establishments has insured multi-million dollar sales and, often, long lines to get in the front door.

Regional seafood chains also have built their reputations on fresh seafood. Small chains such as Legal Seafoods, the Hungry Fisherman, Seafood Shanties, and the New England Oyster Houses continue to thrive.

For the national chains, however, the extremely perishable nature of fresh fish has been a handicap. The demands of portion control and consistency also have dictated against fresh fish. That is why most of the regional chains have not expanded too far beyond their bases, and why there are only 11 seafood or fish companies that franchise. That compares to 111 steak and full menu restaurants, and 23 chicken restaurants. In 1985, those 11 companies operate 2,685 restaurants among them, 1,328 of which are franchised.

Seafood is almost universally perceived as being light and healthy, and because of the current interest in nutrition the impression is that seafood consumption is on the increase. Surprisingly, however, CREST data tracking habits of families eating out recently showed a slight decline in the occasions seafood is ordered in restaurants. The National Fisheries Institute confirms that seafood consumption has increased only slightly. In 1983, every American ate, on the average, 13.1 pounds of fresh, frozen, canned, or cured fish. In 1985, they ate 13.6 pounds apiece.

"Actually, I think a quantum leap in seafood consumption would put a strain on demand," notes Red Lobster's Dick Monroe.

The experience of some of the regional chains bears all this out. While volumes are high and business is healthy, there is no great rush to expand. Nor are the national chains opening units on every street corner; expansion continues to be prudent, following a few disastrous experiences in past years.

"I see increased growth of existing chains, but no new chains because a seafood concept is difficult to engineer," says James Cataland, president of Youngstown, Ohio-based Arthur Treacher's, a fast food chain with 211 units. "I do think that the fast food fish segment will grow faster in sales than the fast food industry as a whole, however."

Despite the fact that seafood consumption has not increased dramatically, a 1983 Gallup poll conducted for the National Restaurant Association indicates that 20 percent of the people who said they had changed their eating habits recently reported they were ordering more fish. The difference may be that only the health-conscious are increasing consumption; while interest in seafood by the general public remains static.

Where health-consciousness is showing up within the seafood segment is in the increased emphasis on broiled and grilled fish and the decreasing emphasis on fried seafood. At Phillips Crab House, for instance, 99.9 percent of entrees were fried when the restaurant opened in 1955. Today, 51 percent of entrees are steamed or sauteed, according to general manager Lloyd Byrd. The massive change-over in cooking techniques has involved a slow reorganization of kitchen lines, with fryers coming out and grills going in.

Even Arthur Treacher's is about to introduce a broiled Icelandic white fish with baked potato to complement its fried entrees.

Following is a look at some of the major national and regional chains:

Fast food

By far the largest of the country's fast food seafood chains is Long John Silver's with 1,357 units and 1984 systemwide sales of $602.3 million.

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Seafood *continued from page 94*

Sea Galley's new fresh menu is stimulating healthy sales gains.

Sea Galley
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Company spokesman Bruce Hinton says that April traffic at Long John Silver's is two to three percent above last year, in spite of a two percent increase in prices. Average unit volume now stands at $490,000 for the 812 company-owned restaurants.

The chain has added several new menu items. A new breaded fish now accounts for 13-15 percent of total sales, and catfish introduced in 200 Texas and Louisiana units has already captured 15-18 percent of sales in those units. Last month, the chain introduced 100 percent white meat chicken nuggets, which are already taking 17 percent of sales. According to Hinton, Long John Silver will be introducing several other new products this year, but is keeping details quiet.

Expansion plans have been revised from 25 company units in fiscal 1985 to 60 in fiscal 1986, followed by 75 new units in fiscal 1987.

A growing contender to Long John Silver's supremacy is Captain D's, with 261 company-owned units and 209 franchised units in some 23 states, particularly throughout the Southeast and Midwest. This Nashville, Tenn.-based subsidiary of Shoney's Inc. will open 26 new company units in 1985, and 20 to 25 franchised units.

Same-store sales are up eight percent because of improved operations, says Taylor Henry, vice president of finance. Overall, sales are up 11 percent over last year, with pretax earnings gains of 26 percent. New units are posting sales of $675,000.

Analysts say that after a couple of difficult years Captain D's is mended and poised for growth. The company has been refining its menu. One addition is a "Lighten Up" menu of boiled shrimp, seafood salad and tossed salad. Another addition is a country-style fish dinner breaded in cornmeal. Green beans, white beans, and okra have been added as substitutions (without charge) for french fries or cole slaw.

The company has also added a crab dinner at $3.59, a crab and fish dinner at $3.29, and a crab and shrimp dinner at $3.99, and is testing a seafood platter with two kinds of fish, shrimp, clams, and stuffed crabs. Even though the price—$4.97—is high for fast food, the platter accounts for 12 percent of sales in units where it is offered.

Continuing to expand from its Pacific Northwest market niche is Skipper's Inc. With 176 units (149 company-owned) operating in 14 states, the chain has plans for an additional 25 units by year-end. The goal of the company is to hit 500 units by 1990. Systemwide sales have increased from $32.6 million in 1980 to $73.9 million in 1984. Average unit volume has also increased significantly, from $312,000 in 1980 to $460,000 in 1984. The goal is to boost average unit sales to $500,000 in the next year.

New states Skipper's has entered include Arizona, Kansas, Colorado, Minnesota, Nevada, and New Mexico. An aggressive franchising program will continue with area agreements calling for 58 units to be developed. The company has not revealed development plans for other areas of the country, although Texas and Florida are among the states reportedly being considered.

Skipper's menu features a fresh Alaska cod which is cut and trimmed on-premise and deep-fried to order in a light breading. The menu also offers fried shrimp, fried clams, bite-size salmon fillets, and chicken breast strips. Each item is served with cole slaw and fries, ranging in price from $1.69 for one piece of cod to $3.49 for a salmon basket. Several combination platters and special all-you-can-eat platters are also featured. A recent all-you-can-eat shrimp promotion, priced at $5.99, helped boost traffic significantly, according to Gene Stone, president. Beer and wine are available in most units.

Reconsidering expansion after a bout with bankruptcy and several changes of ownership is Youngstown, Ohio-based Arthur Treacher's.

Arthur Treacher's emerged from Chapter XI reorganization in Febru-

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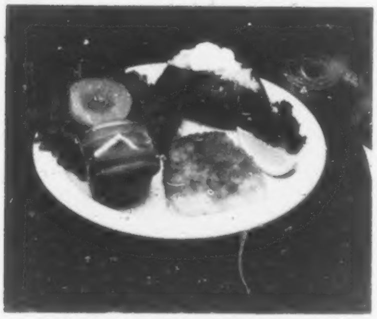

Arthur Treacher's is rolling out a broiled whitefish entree.

ary of 1984 under the ownership of a company formerly known as El Charro Inc. but now called Arthur Treacher's Inc. At its height in the 1970s the company had more than 700 units nationwide; now that total has been pared down to 211 units, 27 company-owned and 184 franchised.

With franchise relations smoothed and debt cleared, the new corporation is planning to expand in Northeastern Ohio (its home base) and in the Washington D.C./Virginia area, according to company president Cataland. Units are now averaging sales of $270,000, and chainwide sales in 1984 reached $60 million.

Arthur Treacher's menu includes chicken, clam, and shrimp dishes in addition to fish items. The new broiled Icelandic whitefish, served with a baked potato, will soon be rolled out chainwide, at a price yet to be determined, but a "lot less expensive than a fine dining restaurant, and it is basically the same product," says Cataland.

A small, young company seeking national growth is Miami-based Capt. Crab's, specializing in garlic and steamed blue crabs. In 1977, the company launched the Crab House, a 275-seat dinner-only restaurant in Miami that generated over $3 million in annual sales. By 1981, long lines of patrons waiting to buy crabs to-go convinced owners Leonard Rappaport and Edward Scharpes to open a fast food version, Capt. Crab's Take-Away. Annual gross sales hit $1 million, and the owners started thinking about expansion.

Since then they have hired an executive staff, opened a blue crab processing and freezing plant in Tallahassee, and signed franchise agreements for over 200 Crab Houses and Capt. Crab's throughout the U.S. and Puerto Rico. Most are not yet open.

Mid-priced chains

The largest of the mid-priced seafood chains is General Mills' Red Lobster, with 370 units (all company-owned) in 36 states.

Red Lobster's new fresh fish program has "taken off like hotcakes," says director of public relations Dick Monroe. Red Lobster offers a wide variety of fresh fish every day, with selections advertised on a blackboard. "In Chicago, one in four customers is ordering fresh fish cooked over mesquite," he says.

Prices of the fresh fish vary, but the majority are priced in the $7.95 to $9.95 range for an 8-oz. portion. Monroe says that the addition of fresh fish in units far away from seaports has been made possible because of improved transportation and improved packaging.

He notes that the top-selling fresh fish is monkfish, which waiters describe to customers as "poor man's lobster." Also popular are swordfish, farm-raised rainbow trout, catfish, halibut, and salmon.

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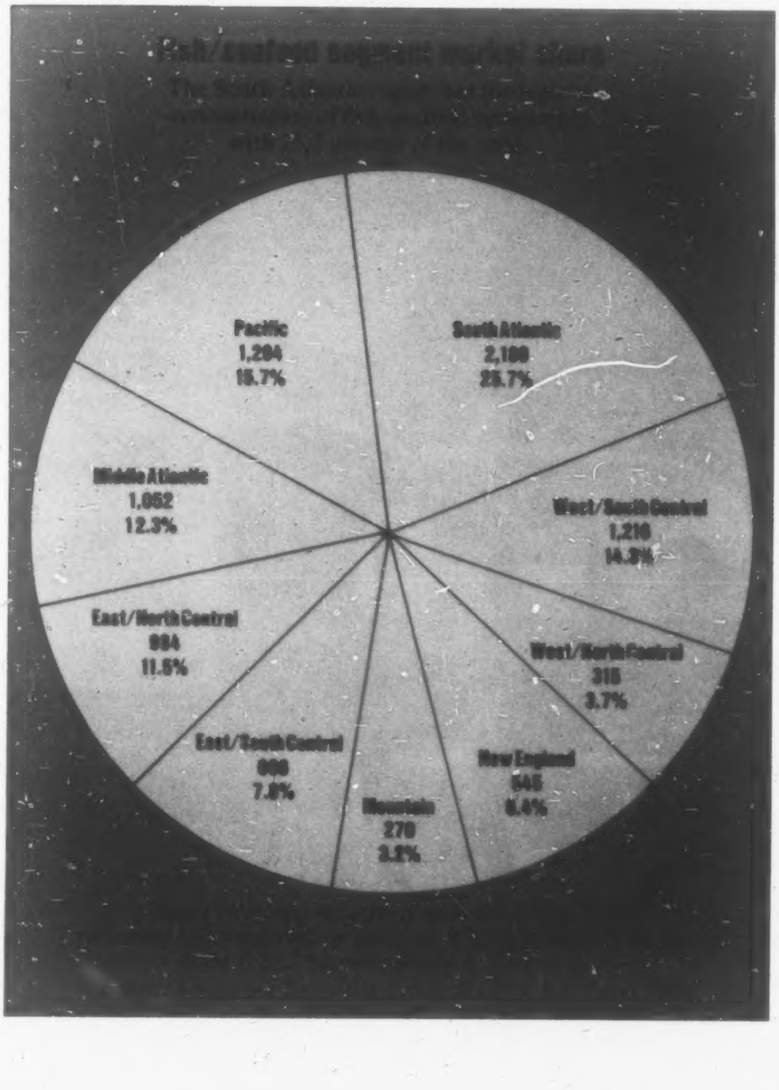
Fish/seafood segment market share



Seafood *continued from page 98*

Seafood consumption has not increased dramatically; where health consciousness is showing up within the seafood segment is in the increased emphasis on broiled and grilled fish and the decreasing emphasis on fried seafood.

Combination platters are a major strength, and the company is known for its shrimp. Red Lobster sells 14 to 15 million pounds of shrimp a year, as well as five million pounds of lobster, says Monroe. Sales per unit average $2.3 million, and 1984 systemwide sales reached $778 million.

The company is doing extensive remodeling, with units tailored toward each market. Some units now have exhibition mesquite grill cooking and some have a seafood bar/lounge with seafood appetizers, such as seafood nachos, "Ultimate Oysters," and fried calamari rings.

Seattle-based Sea Galley with 47 units in various markets, is also remodeling units and adding a fresh fish menu. In units where changes have been implemented, sales are up 40 percent and gross sales are expected to exceed $2 million apiece this year, says Dave Mahnke, vice president and national director of operations.

Newly remodeled units have lots of windows, bright tiles, and an oyster bar. "For years, our decor package was built around a $5 to $7 meal in a $10 atmosphere. We never changed the atmosphere even though the average check went up, and the cozy decor was just tired for the '80s," says Mahnke.

Kitchens have been remodeled to allow for more baking and broiling, and a sautee station has been added. Just three years ago, almost all entrees were fried.

Units now offer a "fresh sheet" with a variety of fresh fish of the day, and the menu is already generating 16 percent of sales, says Mahnke. The new menu also emphasizes appetizers to encourage "grazing." Average check is now $11 with liquor.

The changes in decor and menu have resulted in changes in customer demographics, notes Mahnke. The average customer now earns $30,000, and his age level has dropped five years.

One flourishing regional chain is the Seafood Broiler, with 17 units heavily concentrated in the Los Angeles and San Bernardino areas. Units will open in San Diego and San Francisco later this year.

The first unit was opened 10 years ago in Lakewood by Del Allen and Steve Stifel. By 1983, with 11 units operating, the firm was acquired by Accor, a French company.

Seafood Broilers strive to give a good value in a homey, cozy, barn-like setting. Average check is $7 at lunch; $10 at dinner. According to Clark Armstrong, vice president for human relations, units are now being redecorated for a lighter look, and full bars have been added.

Average unit volume is $2 million, reports Armstrong. Fresh fillets of everything from monkfish to orange roughie to swordfish and halibut are cooked over mesquite, as are skewered items.

A completely different kind of fish restaurant is Natchez, Mississippi-based Cock of the Walk, specializing in catfish. Fifteen units are now scattered throughout Texas, Louisiana, and Mississippi and the chain is expanding into Arkansas, Tennessee, Alabama and Florida. Two more units are slated to open in the near future, with 10 or 12 additional units slated for the remainder of the year. George France, director of franchising, says that 36 new units will open in the next calendar year, with expansion pushing further south into Georgia and the Carolinas, and possibly northward into Kentucky, Ohio, Indiana, and Missouri. "We are expanding out from the hub of the wheel," he says. "We want word of mouth to precede us, because there are so many areas where catfish is unfamiliar."

Catfish is very popular in the south, and other small chains—with names like Catfish Shack, Catfish Cabin, and Catfish King—are be-

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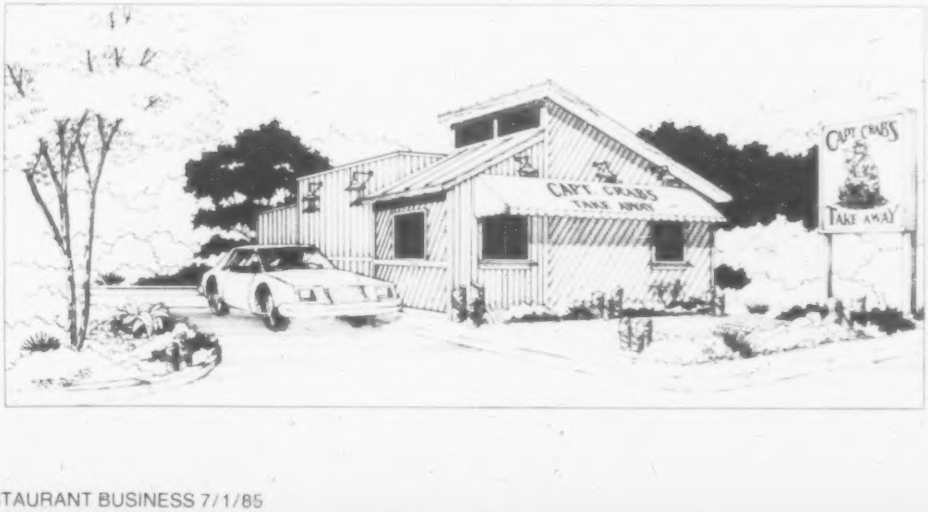

Capt. Crab's sells garlic and steamed blue crabs. Two hundred units will be opening nationwide.

L & N Seafood is Morrison's Cafeterias seafood entry.

ginning to emerge. In Natchez alone, France estimates, five restaurants specialize in catfish and 19 feature it. According to France, production of farm-bred catfish is now the third biggest moneymaker for the state of Mississippi.

Cock of the Walk units mimic rustic cypress shanties, and they are almost always located on water. The name comes from the "cock of the walk," the toughest keelboat man to come down the Mississippi River. Traditionally, the keelboaters threw a fishing line down in back of the boat and ate whatever they caught for dinner, usually channel cat.

Cock of the Walk features fried fillets of catfish, broiled catfish, and catfish almondine as well as chicken. Dinners come with coleslaw, corn bread served in a skillet, pickled onions, hush puppies, and french fries. Side dishes include fried dill pickles, fried onion rings, and mustard greens. Prices range from $6.95 to $8.50, and the average check is $9.38 per person.

The first Cock of the Walk opened eight years ago as a hobby for three women. Within six months they were making money; average unit volume is now over $600,000, says France. Units range in size from 120 seats to 520 seats, but most seat between 235 and 250.

Upscale dinner houses

A strong regional chain is San Fernando, California-based Hungry Tiger, with 27 Hungry Tigers, three Lobster Houses, six Breaker's Seafood Companies, and a couple of other nonseafood-related concepts. Most of the units are in California, although three are located in Phoenix and one in Reno.

All the units specialize in fresh fish and live lobster. Mesquite grilling is featured. Prices range at a Hungry Tiger is from $8.95 to $20, with most entrees in the $10 to $12 range. Average check is about $12.50 at dinner, without liquor.

Decor varies from unit to unit, but all share a contemporary dinner house atmosphere. The target market is older and upscale, according to Lee Hanley, vice president of marketing.

Breaker's also offers mesquite grilling, but with faster service, a more casual atmosphere, and a lower check average. None of the three Lobster Houses fits a particular format; one is upscale and located in a marina, with huge banquet facilities; one is moderately priced and casual, and one is a self-service unit on the beach at Santa Barbara, featuring low prices.

At this time, says Hanley, the company is considering expanding its Hungry Tigers and its Breaker's though plans are not firm.

Another California-based chain is Rusty Pelican. Most of its 18 units are in California, though the company just opened in Seattle. The company will be building four to six restaurants a year, filling in existing markets and looking at new markets in cities of over 500,000 people, says vice president of marketing Larry Zwain.

The menu consists of anywhere from 18 to 30 varieties of fresh fish flown in from all over the world. Principle sources are Norway, New Zealand, Hawaii, the Great Lakes, the Gulf of Mexico, Alaska, Europe, and the Atlantic and Pacific coasts of the U.S. Prices range from $8.95 to $18.95.

Average unit volumes are extremely high; restaurants open since 1980 are showing sales of close to $4 million a year. The company posted sales of $3.68 million in 1984.

Zwain is one who says he sees a tremendous growth of interest in fresh fish. Rusty Pelican started life in 1965 serving primarily prime rib, but prime rib is now only four percent of sales. Over the last five years, fresh fish has gone from 35 percent of entree sales to over 65 percent, and according to Zwain, that change was dictated by customers.

New restaurants feature clear cedar siding, over 2,000 interior plants, spectacular views, and bright, tropical colors. Wall photos highlight surfing, wind-surfing, and yachting.

The Rusty Pelican promotes six different dayparts, and Zwain says that each one is marketed differently to appeal to a slightly different customer. In addition to lunch, dinner, and Sunday brunch, the chain promotes happy hour, late night, and a seafood bar.

Unlike many California seafood restaurants, Rusty Pelican doesn't broil fish over mesquite.

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Seafood *continued from page 103*

Red Lobster is display-cooking fish over mesquite.

One burgeoning upscale seafood chain that does use mesquite broiling is Gilbert/Robinson Inc.'s Bristol Bar & Grill. The company is reluctant to talk about the concept, but the prototype unit opened in 1980 in Kansas City. Another opened shortly afterward in St. Louis. In 1984, units opened in Minneapolis; Oak Brook, Illinois; Washington, D.C.; Hempstead, New York; and Dallas. (One of the units has the name "Devon's" and one is called "Checquers," but the concept is the same.)

At Bristol Bar & Grill, fresh fish is flown in daily from the Atlantic, Pacific, and Gulf coasts. Kansas City steaks, fish fillets, and seafood kabobs are broiled over an open mesquite wood fire in full view of the dining public. Completing the menu selection are appetizers, vegetables, an array of rich desserts, and biscuits baked on-premise. The lounge includes a seafood appetizer bar.

Decor reflects an English seacoast atmosphere, but varies somewhat from unit to unit to reflect the culture and clientele of each location.

Gilbert/Robinson is also designing a new concept serving foods from the Pacific Basin. Featured will be seafood and Oriental cuisine. The new unit, to be located on Kansas City's Country Club Plaza (where several other G/R restaurants are located) will open in about a year.

Phillips Crab House is a multimillion dollar independent that has begun expanding in recent years under the name of Phillips Seafood Restaurants.

The original unit, seating 1,400 people, opened in 1957 in the beach town of Ocean City and is open only from late March through October. During the summer, Phillips Crab House serves 4,000 to 6,000 customers a day, and average unit volume is $14 million.

The menu is all fresh, and although broiled and steamed fish have become more and more popular, general manager Byrd says that he expects the fried seafood platter to be the number one entree forever. "On the Eastern shore people are very conservative," he says. "They don't change very fast."

However, says Paul Wall, vice president, Phillips customers are slowly becoming more sophisticated and demanding more in the areas of quality and preparation. Now, in addition to fish, crab, shrimp, New England clam chowder, seafood gumbo, and other traditional dishes, Phillips prints a "featured selections" sheet offering seafood that is a particularly good value because of price or freshness.

Average check at Phillips Crab House is $14, with most of the entrees in the $10 to $11 bracket.

Phillips also operates Phillips Seafood House, Phillips Beach Plaza, and Phillips by the Sea in Ocean City. All are much smaller (250-350 seats) than Phillips Crab House, and are open year-round.

The company's largest restaurant is Phillips Harbor Place in Baltimore, one of the highest grossing restaurants in the U.S. with 1984 sales of $14 million. The menu is similar, but because Harbor Place is a "festival" marketplace catering to tourists and conventioneers the full-service restaurant also supplies a raw and stew bar, a fast food bar selling sandwiches and seafood boats, and a fresh market selling fish, crab meat, etc., out in the mall as well as a carry-out bar adjacent to the restaurant. The full-service restaurant accounts for 71 percent of sales, and the other outlets for 29 percent, says Wall.

The company operates a similar restaurant in a similar setting at the Waterside marketplace in Norfolk, Virginia, with 1984 sales of $6 million.

Phillips Seafood Restaurants recently opened a fast food unit serving crab cakes, fresh fish fillet sandwiches, and seafood boats. Prices range from $2.95 for clams and fries to $8.95 for a large seafood platter.

The company converted an existing freestanding Jack in the Box on a shopping mall pad. It is too early to project annual sales, says Wall, but the company plans to expand the fast food units, which are actually satellite units for the main restaurants and are supplied by truck from the restaurants.

Mobile, Alabama-based Morrison's Cafeterias also is expanding its L&N Fish Market, which made its debut at the Knoxville World's Fair in 1982. Five units are now open in Boca Raton, Ft. Lauderdale, Knoxville, Nashville and Atlanta, and an-

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Catfish is very popular in the South, and chains with names like Cock of the Walk, Catfish Shack, Catfish Cabin, and Catfish King are beginning to emerge.

other unit was to open in May. Five seafood grills will open in the coming fiscal year.

Average unit volume for an L&N Fish Market is $2 million although one unit is grossing $3 million, says Richard McGeoch, senior vice president, investor relations and corporate planning. Average check is $12 with beverages. Menu includes several seafood and pasta combinations as well as specialty desserts and a wide selection of fresh fish grilled over mesquite.

Chicago's Lettuce Entertain You Enterprises is venturing into the seafood arena with Shaw's Crab House and the Blue Crab Lounge. This establishment is actually two restaurant styles under one roof; the Blue Crab Lounge seats 100, is more moderately priced (a variety of lunch and dinner soups, seafood and salad dishes range in price from 95 cents to $9.95), and guests can choose appetizers as well as entrees from wall-mounted chalkboard menus prepared daily. A fresh oyster bar serves stone crabs, littleneck clams, and oysters. Key lime pie and Indian pudding are among daily dessert specials.

The Blue Crab Lounge is designed to be reminiscent of old-fashioned lodges and oyster bars. Mahogany-toned oak booths and waist-high wooden tables with black vinyl and chrome chairs surround the free-standing bar. A collection of fishing trophies and brewery memorabilia are displayed throughout.

In the center of the lounge, pyramided on a marble raw bar, is a selection of fresh oysters and clams from around the country, including Blue Point and Belon oysters, stone clams, blue crab fingers, shrimp, and seasonal specialties.

Shaw's Crab House serves more than 40 fresh seafood entrees, with entrees ranging in price from $7.95 to $18.95. Included are sauteéd frog legs, frog legs with garlic butter, crab cakes, baked stuffed shrimp, and whole Maine lobster.

The dining room is dominated by a striking mural frieze showing famous Chicago landmarks. The atmosphere is elegant, with high ceilings, rich mahogany, and white tablecloths. A large picture window offers an open kitchen view.

LEY readily admits that the inspiration for Shaw's Crab House came from Phillips Crab House, where managing partner Kevin Brown worked for five summers. He was attracted to the traditional atmosphere and thought Chicago needed a similar restaurant; the idea became a reality when Richard Melman and Brown agreed with the concept. □

Red Lobster offers a wide variety of fresh fish every day, with selections advertised on a blackboard.

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Restaurant Business

JULY [illegible]

Stouffer brass sets deluxe image

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LATELINE

Restaurant Business

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Odds of the audit game

by Irving L. Blackman

The chances of losing the IRS' version of Russian roulette, the audit game, continue to decrease in favor of the taxpayer. According to IRS figures, it audited 1,418,787 returns in 1984, down only 9,000 from 1983. But when you add in the fact that total returns filed in 1984 increased, the chances of being audited decreased substantially.

To give you an idea of the massive task the IRS has each year in tracking down tax cheats, the Service received 668 million information returns in 1984, 568 million of those on magnetic media (computer tape).

The chances of having your business or company audited decreased dramatically in 1984. As a general rule, the smaller the business, the less likely were your chances of hosting an examining agent in 1984.

Installment sales

Sales are the lifeblood of business. Unfortunately, when you extend credit to your customers, sales result in accounts receivable, not cash. The profit portion of these receivables is subject to income tax.

Stop for a moment. Estimate two numbers—the amount of your receivables at year-end and the amount of profit included in those receivables. How would you like to defer the tax on that profit?

You can. A little known change in the tax law a few years ago opened the door to all businesses that sell property. Just adopt an installment sales plan, which means you must bill your customers so two or more payments are required.

Let's look at a few plans.

- The custom in your industry is to bill net 20 days. You adopt an installment sales plan that provides 50 percent is due in 10 days, 50 percent in 30 days, and if the first payment is not made on time, 100 percent is due in 20 days.
- You give a two percent discount for payment within 30 days, net payment required within 60 days. You adopt an installment sales plan that calls for 49 percent to be paid in 15 days and the other 49 percent to be paid in 45 days. If the first payment is not made, then 100 percent is due in 60 days.

In both examples, neither you nor the customer gains a cash-flow advantage or disadvantage. What if some, or even all of your customers, ignore the two-installment requirement? No problem—as long as your invoices require two payments, your installment plan qualifies for the deferred benefits.

Tell your professional to check out *Section 453A*.

The author, an attorney and a certified public accountant, is senior partner at Blackman, Kallick and Co., Chicago and author of "Winning the Tax Game."

Your chances of being audited by the IRS.

Total Personal Income	Chances in 1000 of Being Audited
$10,000 to $25,000 *(w/ itemized deductions)*	14.9
$10,000 to $25,000 *(w/out itemized deductions)*	6.3
$25,000 to $50,000	20.5
$50,000 and over	40.0
Non-Corporate Business	**Chances in 1000 of Being Audited**
Income—Schedule	
Under $25,000	14.3
$25,000 to $100,000	25.6
$100,000 and over	53.0
Corporations (in assets)	**Chances in 1000 of Being Audited**
Under $100,000	11.2
$100,000 to 1 million	25.9
$1 million to $10 million	93.0
$10 million to $100 million	224.7
$100 million and over	578.3

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BILL PUBLICATION   FAST FOOD

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AUGUST 10, 1985

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Ray Danner,
chairman,
CEO, Shoney's

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Cover photo by Sam Causey.

Market Segment Report

The food store counterattack

by Jacque White Kochak

Salad bars, chicken, pizza and pasta are among the items supermarkets are promoting to compete with fast food for the away–from–home dollar.

Supermarkets are aggressively courting the "yuppie" who has more money than time, and catering to the needs of working women who don't want to spend time cooking. More and more, supermarketers see their deli/bakery operations as competition for fast food. If their efforts are successful, grocers just may win back some of the food dollars that customers now spend eating away from home at restaurants.

Delicatessens, bakeries, and sometimes in-store restaurants are becoming focal points of supermarkets. More and more, supermarkets are attempting to hire highly trained foodservice professionals. In fact, one Eastern supermarket chain has even hired a prominent restaurant consultant for advice on attracting and satisfying the busy consumer.

Salad bars are showing up with increasing frequency in supermarket produce departments. Many stores offer fresh, made-on-premise pizza and pasta from refrigerated cases, and there is a definite trend to expand hot food counters in delis. In fact, at some supermarket delis, you might find duck a l'orange and ratatouille on the hot foods counter right along with the standard barbecued chicken. Some meat departments are even offering such oven-ready fare as stuffed pork chops, stuffed flank steak, stuffed poultry, and marinated brochettes.

A few "super stores," as they are called in the industry, have installed pit smokers, stocked with mesquite,

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New Jersey-based Grand Union is expanding its hot foods program and courting foodservice pros as managers.

oak, and hardwoods, to turn out an array of smoked beef, pork, and poultry. In a few cases, supermarkets are even considering themselves complete "food centers," offering cooking lessons and catering as well as upscale restaurants.

The reason? Supermarket executives are paying attention to the same trends that restaurant executives ponder. For one thing, they realize more and more women are working. These women are under enormous time pressures, and they don't want to spend a lot of time cooking. The increased number of working women has resulted in an increase in discretionary income for many households. Add to the picture smaller families, later age of marriage, and a more mobile populace, and you have a completely different, more sophisticated supermarket customer than a few years ago, who is interested in variety, has a taste for the unusual, and is willing to pay a premium for convenience.

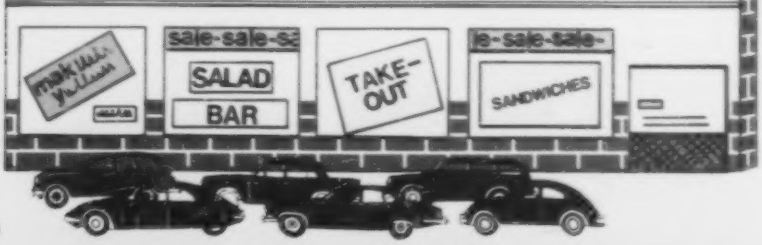
"Changing lifestyles mean that people are very interested in 'one stop shopping,'" says Karen Brown, a vice president at the Food Marketing Institute, the Washington, D.C.-based trade association for the supermarket industry. "They like to grocery shop and pick up that night's dinner at the same time."

"We are looking at food more like restaurateurs," adds restaurant industry veteran Robert Mohel, of Grand Union, a chain of 386 supermarkets in the East. "We're all trying to get the same dollars."

Top 20 Supermarket Chains

	—U.S. Supermarket sales— (Millions)			
	1984	1983	% Chge	No. Units
Safeway Stores, Inc., Oakland, CA	$15,042.8	$14,056.8	+ 7.0	2,012
The Kroger Co., Cincinnati, OH	14,473.0	13,931.0	+ 3.9	1,318
American Stores Co., Salt Lake City, UT	12,272.8E*	11,522.5	+ 6.5	838
Winn-Dixie Stores, Inc., Jacksonville, FL	7,530.8	7,133.1	+ 5.6	1,264
Lucky Stores, Inc., Dublin, CA	6,206.6	5,546.5	+11.9	622
The Great Atlantic & Pacific Tea Co., Montvale, NJ	4,955.7	4,328.1	+14.5	1,00
Albertson's, Inc., Boise, ID	4,735.7	4,279.3	+10.7	434
Supermarkets General Corp. Woodbridge, NJ	3,286.0	3,001.2	+ 9.5	175
Publix Supermarkets, Inc., Lakeland, FL	3,232.9	2,852.6	+13.3	276
Grand Union Co., Elmwood Park, NJ	2,587.4	3,606.3	—28.3	386
Vons Grocery Co., El Monte, CA	2,489.9	2,433.7	+ 2.3	176
Giant Food Inc., Landover, MD	2,120.8E	1,940.4E	+ 9.3	131
H.E. Butt Grocery Co., Corpus Christi, TX	1,800.0E	1,625.0E	+10.8	150
Waldbaum, Inc., Central Islip, NY	1,711.9	1,586.9	+ 7.9	142
Ralphs Grocery Co., Compton, CA	1,711.3	1,473.7	+16.1	126
The Stop & Shop Co's., Inc., N. Quincy, MA	1,657.6	1,425.3	+16.3	119
Food Lion, Inc., Salisbury, NC	1,469.6	1,172.5	+25.3	251
First National Supermarkets, Inc., Maple Heights, OH	1,279.8E	1,208.4E	+ 5.9	135
The Cullum Co's., Inc., Dallas, TX	1,268.4	1,155.5	+ 9.8	107
Hy-Vee Stores, Inc., Charleton, IA	1,230.0E	1,110.0E	+10.8	134
Total Top 20	$91,063.0	$85,388.8	+6.6	9,797

E = Estimated.
*Includes estimates for full-year results of acquisition of Jewel Cos.
Analysis based on sales for four quarters ended nearest Jan. 1, 1985.



Delicatessens

In the supermarket trade, delicatessens, bakeries, and other types of foodservice are called "high service," offering warmth and personal contact within a supermarket environment that can otherwise seem rather cold. That is one of the reasons why supermarkets across the country are placing more and more emphasis on these departments even though they are not always as profitable as other departments.

Traditionally, supermarket delicatessens have been considered traffic builders and a service to customers rather than profit centers because of labor costs that are very high by supermarket standards.

"The key factor is control," says Walter Heller, director of research for *Progressive Grocer* magazine. "You don't make money in a deli unless you have good control, because of the high labor costs. And the food has to look fresh, or you're out of business."

Labor in a delicatessen typically runs 23 to 24 percent of sales. Though delis typically take up as much as four percent of total floor space, on the average they generate only 3.5 percent of sales, according to the Food Marketing Institute.

Nonetheless, deli sales were up 15.6 percent in 1984, partly because of increased sales and partly because of added units. Fifty-two percent of supermarkets now have service delis, and an additional 27 percent have self-service delis, for a total of 79 percent of supermarkets with delis. Most new supermarkets are small and less likely to have service deli operations. Large stores are adding or expanding delis at a steady pace.

Typically, delis are a completely different type of operation from the rest of the store, closer to fast food operations than to supermarket operations. As long as supermarket

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Self-serve salad bars are showing up in more supermarket produce departments to attract and satisfy busy consumers.

delis and bakeries were unimportant to the customer, supermarket chains allowed them to languish.

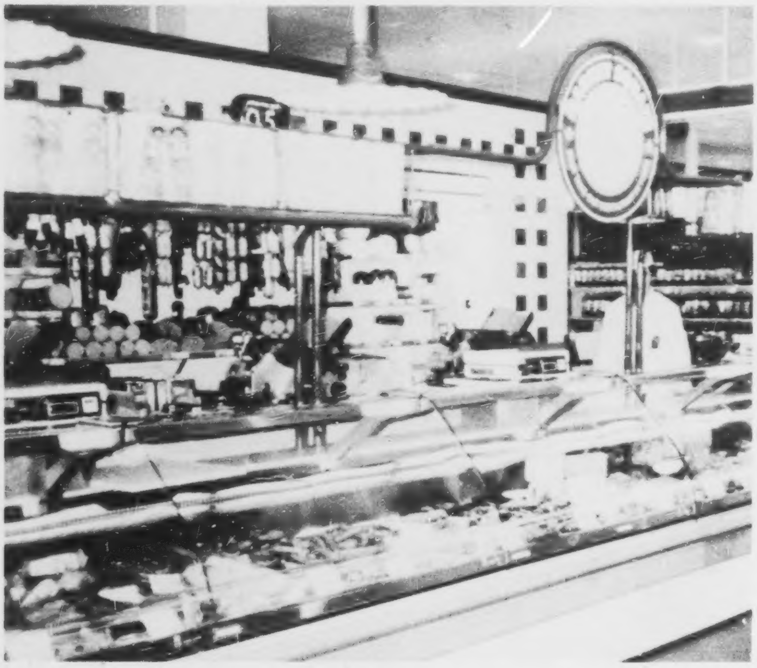
As delis have become more and more important to customers, however, sharp supermarket operators have responded by learning how to run them profitably. "Supermarket deli/bakery operators are learning aspects of the business that experienced restaurant people learned long ago," says Lee Dyer, director of merchandising for *Progressive Grocer.* For example, every Tom Thumb store built in the last 15 years has contained a combination deli/bakery, both under the same management. "In the last three to five years the percentage growth of the deli/bakery department has been considerably above the growth of the company's total sales," says Caroll Brown, vice president-deli/bakery. Tom Thumb's 44 deli/bakery combinations offer a breakfast of eggs, toast, biscuits, etc., along with lunch and dinner. Besides deli cold cuts, three different meat entrees are available at lunch, along with several varieties of hot vegetables. Hot food entrees are continually expanding and range from chicken fried steak to lasagna to stuffed bell peppers, all prepared on-premise. The deli also features 15 varieties of salad.

At Tom Thumb, 75 percent of the deli/bakery combinations offer seating for about 40 people, says Brown. During lunch, a good portion of customers come from outside the store for the express purpose of eating there. He adds that about 50 percent of the deli's business is take-out.

Growth in sales of hot foods is very important to some chains but of minimal importance to others. Thirty-nine percent of supermarkets now offer hot food counters.

One chain that has cut back on its hot food offerings is Boise-based Albertson's, with 434 units. Service delicatessens, however, are still considered an integral part of the store. "We haven't expanded our delicatessen mix in the last few years. We just push the basic commodities," says Gary Michael, vice chairman of the board. "Hot foods are more labor intensive, and we feel that unless you have a central kitchen you have no economies of scale. Hot foods just aren't feasible for us, with stores in 17 states."

Grand Union calls its Market Square "the best take-out restaurant in town."



New Jersey-based Grand Union, on the other hand, is expanding its hot foods program, and six of its 400 stores (located in 14 states) now have complete kitchens equipped with everything from fryers and steamers to ovens and microwaves. The restaurants are staffed by experienced chefs; for example, the Paramus, New Jersey, kitchen is headed by Anthony Maresca, a graduate of Johnson & Wales and a veteran of several well-known restaurants.

The Paramus deli/hot foods area is exemplary of what Grand Union is trying to accomplish. The area, called The Marketplace, dominates the center of the store, with European-style curved glass counters on four sides surrounding the kitchen. Counters are divided into sections for salads, deli meats, an array of domestic and imported cheeses, sandwiches, soups, fresh pastas, and a luscious array of ready-to-warm entrees and hot foods. The refrigerated entrees and side dishes, all sold by the pound under New Jersey law, are particularly unusual and range from patés and peppered duck to steamed bouquetiere of vegetables. According to the store manager, The Marketplace generates five percent of the store's total sales.

Some of the entrees and accompaniments from the six stores with kitchens are being offered at the delis in some of Grand Union's other supermarkets. The company also is investigating the use of a centralized production system to control quality.

"We're trying to steal business back from fast food operators," says Bob Willis, Grand Union's director

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Supermarkets *continued from page 212*

of prepared food development. Like Mohel, Willis hails from New York's Maxwell's Plum and shares a background in restaurant management. "What we're trying to do is adapt the restaurant business to the supermarket business," he says. "There are differences, because the wage per hour we have to pay deli employees is much higher than the wage per hour for restaurant employees. However, we have access to so many ingredients from the supermarket, and Grand Union's purchasing power allows us to specify exactly what we want. I think in the long run you will see the quality of prepared food in supermarkets surpass that of many restaurants."

Future possibilities for Grand Union include kiosks devoted exclusively to fried chicken and biscuits, and possibly kiosks selling sorbets.

Another Eastern chain that is aggressively going after business lost to fast food operators is King's Super Markets, with 15 stores in New Jersey. King's has retained Joseph Baum, a well-known New York foodservice consultant, to advise the company on its program, according to Robert Bildner, vice president of foodservices.

King's has vastly expanded its line of cold cuts, salads, and cold entrees, with everything made from scratch in each store. Though he is reluctant to reveal sales figures, he says that King's deli departments are quite profitable, and other sources point to King's as proof that delis can be lucrative.

The trend to tackle fast food operators head-on has taken many forms, not always successfully. A St. Louis supermarket chain, Dierberg's, originally ran three "Cobblestone Corner" fast food counters separate from its delis. Two of those have been turned into video counters because the dollars they generated didn't justify the space, according to John May, who is in charge of delicatessens for the company.

One Cobblestone Corner, located in the upscale suburb of Creve Coeur, still generates long lines at lunch time. Customers are drawn from the many office buildings in the area, he says.

Dierberg's interest in its deli operations has never flagged, however. "In delis, people buy freshness and personal service," he says. "We feel ours are a definite plus to the store."

Obviously, one of the most important trends in delis is the expansion of product lines and the addition of gourmet specialties. This is occurring in most parts of the country, but there are exceptions. "Where upscale tastes exist, you'll find such expansion," says *Progressive Grocer's* Heller. "But the economy hasn't gotten better everywhere. Trendy salads aren't exactly the biggest thing in Youngstown, Ohio."

In other areas, however, the expansion into ethnic specialties, imported cheeses, etc., is dramatic. At

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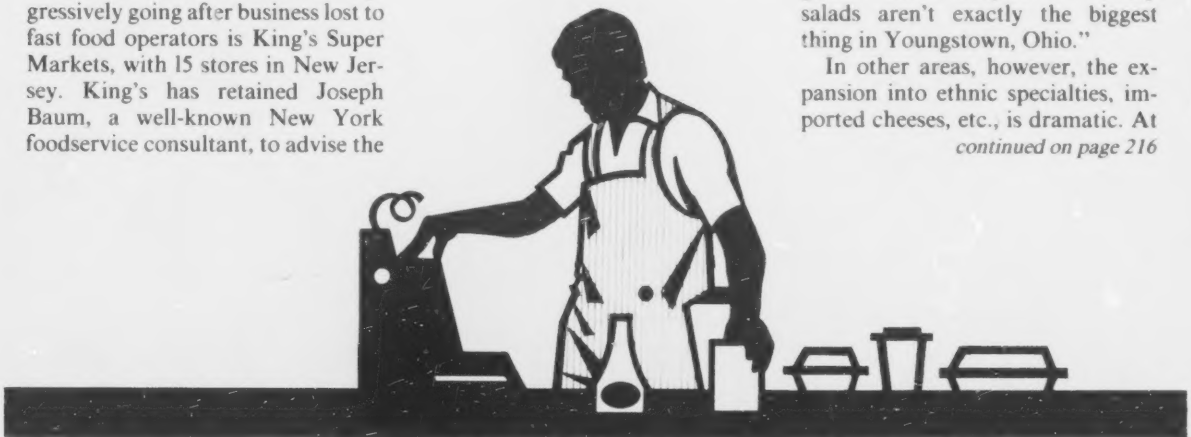

SUPERMARKET SALES AND SERVICES

	Number of Supermarkets	$ Sales (billions)	% with service deli	% with on-premise bake-off	% with catering	%with on-premise scratch bakery	% with self-service deli	% with salad bar	% with sit-down restaurant/ cafeteria	% with store-made pizza	% with store-made pasta
1973	40,960	89,150	26	13	9	8	N/A	N/A	N/A	N/A	N/A
1974	31,430	93,960	37	19	12	16	N/A	N/A	N/A	N/A	N/A
1975	31,710	103,690	34	20	13	15	N/A	N/A	N/A	N/A	N/A
1976	32,700	114,750	33	20	12	12	N/A	N/A	N/A	N/A	N/A
1977	33,400	138,470	36	23	13	14	N/A	N/A	N/A	N/A	N/A
1978	33,600	154,100	40	26	13	14	N/A	N/A	N/A	N/A	N/A
1979	34,900	102,830	41	26	14	17	N/A	N/A	N/A	N/A	N/A
1980	34,900	170,700	42	24	10	15	28	N/A	4	N/A	N/A
1981	28,680	171,620	49	29	12	16	31	N/A	5	N/A	N/A
1982	28,950	180,700	50	30	14	17	N/A	N/A	8	N/A	N/A
1983	29,550	189,170	53	36	15	17	25	8	11	N/A	N/A
1984	30,175	200,010	52	33	14	16	27	9	8	32	4

N/A—These figures are not available *Source: Progressive Grocer Magazine*

Supermarkets *continued from page 214*

Delis, bakeries and, sometimes, in-store restaurants are becoming supermarket focal points to pull in more food dollars.

Bel-Air Markets in California, for example, two of the chain's newest stores offer Chinese cooking in their deli departments. There is a kitchen with Oriental chefs working from 11:30 a.m. until 7:30 p.m. to provide hot Chinese food for take-out in each location.

There are other geographic determinants to the success of delis besides the health of the economy. The Southeast has far fewer delis than any other part of the country, but that may be changing. One North Carolina-based chain, Food Lion (with 251 units) is adding deli/bakeries in many of its stores because of consumer demand. The majority are in the front of the store and feature sleek European-style cases. "The situation in the Southeast is definitely changing," says Michael Hughes, who is in charge of delis. "It should be interesting in the next few years."

Bakeries

Much of what applies to delicatessens applies to bakeries. Labor costs are high; typically, labor in a supermarket bakery gobbles up one-third of sales. Thirty-three percent of supermarkets have on-premise bake-off bakeries, and 16 percent have on-premise scratch bakeries, for a total of 49 percent. And the supermarkets that have on-premise bakeries are expanding and emphasizing them.

In fact, the nation's in-store bakers, collectively, opened an unequaled 1,729 new bakeries in 1984, a 13 percent increase from 1983, according to *Bakery* magazine. The booming Southwest registered the largest unit growth of any region last year, with the number of in-store bakeries increasing by one-third. This year, according to the magazine, supermarket bakers will add another 2,254 new in-store bakeries, for a 15 percent increase. These new additions will raise to 17,284 by year-end the total number of in-store bakeries in operation nationwide.

The biggest trend in bakeries is the addition of specialty breads and rolls. Cases once occupied by cakes, cookies, and plain white bread are now stocked with a wide variety of croissants, European crusty breads, and other ethnic items. Supermarket bakeries also are expanding their baking hours, so the enticing aroma of fresh baked goods fill the stores.

Restaurants

In the past, supermarkets have found limited success with on-premise restaurants, and the trend in the last couple of years has been markedly away from opening new units. In fact, only seven percent of independents and nine percent of chain-owned supermakets offer restaurants on-premise, according to Dyer of *Progressive Grocer*. Space is usually the problem, he says, because in-store restaurants frequently do not produce the sales-per-square-foot of other areas in the store.

"It's definitely not an idea that is dead, however," says Dyer. "It depends on the individual situation."

Recently, supermarkets have been opening full-service restaurants intended to succeed in their own right, rather than as adjuncts to the stores. They are usually part of large "food centers," and they draw customers who come to eat at the restaurant, not to shop at the supermarket.

One example is Pittsburgh's Ammaraca, a 70,000-sq.-ft. complex that includes a 28,000-sq.-ft. restaurant. The complex opened six months ago, and the restaurant, which seats 168, opened in December. So far, the restaurant is feeding 500 people a day from separate lunch and dinner menus that include chicken, veal, and seafood as well as 40 varieties of beer and wine.

The restaurant is reached through a light-filled atrium which also leads the customer into a shopping area. The glass-enclosed restaurant is modern and airy with a beige, vanilla, and brown color scheme.

A staff of 74 makes all entrees from scratch. Selections include fresh catfish, salmon, smoked salmon, veal parmesan, and chicken Polynesian. Most menu items are priced under $10; the average check is $5.75 at lunch, $8.25 at dinner.

The restaurant's kitchen is glass-enclosed and open to public view, and most of the restaurant food is also served at a 45-foot-long take-out case. The restaurant will account for about 10 percent of the supermarket's annual sales, estimates store manager Phil Friedlan.

The supermarket also has a smoker that turns out smoked beef, smoked turkey breast, and smoked ham, and operates a cooking school where a chef teaches classes in everything from soups to desserts. A 12-week course, consisting of three hours a week, costs $110.

"Restaurants in supermarkets haven't been expressive enough," says Friedlan. "I don't believe the idea is dead, because I don't believe it has ever been pursued in the way that we are pursuing it. Almost always before, restaurants in supermarkets have been conceived as a convenience to the shopper. At our restaurant, only 30 percent of the customers are shoppers."

Tom Thumb in Dallas also is approaching the supermarket restaurant in a more upscale way. Its newly opened Simon David gourmet store features a separate restaurant on the mezzanine, and so far crowds for the restaurant are standing room only, according to Carol Brown. In fact, the restaurant has been open only seven weeks, and seating capacity has been tripled, from 35 to 80.

"It's a completely different atmosphere from what you find in the typical supermarket restaurant," says Brown. "Everything is prepared from scratch in the kitchen, with three chefs on duty. We make fresh pasta every day. And a chef is on the floor most of the time visiting with customers." □

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Restaurant Business

SEPTEMBER 20, 1985

18TH ANNUAL

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LATELINE

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Market Segment Report

Pizza Hut's Priazzo. An emphasis on freshness and quality ingredients is heating up competition among pizza chains.

New products deliver quality and freshness

by Jacque White Kochak

Pizza chains have been attracting new customers steadily and posing a real threat to independents by the simple tactic of giving customers what they want. Delivery is the hottest trend in the segment, sparked by the phenomenal success of Ann Arbor-based Domino's. At the same time, chains are introducing new pizza products and expanding their menus with other Italian specialties. Some operators are even experimenting with breakfast.

Pizza operators are responding to the same trends sweeping the rest of the foodservice industry by upgrading both food and decor. However, the much-publicized "gourmet pizza"—featuring exotic toppings from goat cheese to walnuts—that is still popular in upscale, full-service eateries, hasn't caught on in mainstream pizzerias.

What has caught on is an emphasis on freshness and quality. Some operators are demanding only the finest ingredients for their pizza-making, and display-cooking of pizza—with fresh ingredients all lined up on the counter in full view of customers—is gaining popularity.

As chains expand, the pizza business is becoming more competitive. "Because of the increasing competition, consistency is becoming very important," says Keith Glenn, director of marketing for Pizza Inn, one of the largest pizza chains in the country with 720 units and 1984 systemwide sales of $252 million. "Also, advertising will have to be more effective. Pizza restaurants haven't 'branded' themselves well enough in the past. They're going to have to take a more methodical approach to developing an identity with the public."

Pizza outlets in the U.S. have passed hamburger outlets in number of units. There are 31,053 pizza restaurants in the U.S., according to figures prepared by the Restaurant Consulting Group, Inc., compared to 26,585 hamburger restaurants, and only 12,487 Oriental restaurants, 11,851 Mexican restaurants, and 8,531 fish/seafood restaurants.

Yet burger restaurants dwarf pizza restaurants in sheer dollar volume, according to The Fast Food and Multi-Unit Restaurant Business report prepared by Business Trend Analysts, Inc. Figures are unavailable for the myriad of pizza independents, but pizza chain operators grossed $5.2 billion in 1984, compared to a mammoth $20 billion for burger chain outlets. Even with independents' sales added in, pizza couldn't approach that number.

Why the discrepancy? First, pizza chain restaurants typically have lower volumes than hamburger outlets. And second, unlike the hamburger segment, the pizza segment is still dominated by small mom-and-pop operations, often tiny dining rooms in strip shopping centers. The owner knows the names of many of his customers. They, in turn, are loyal to his particular combination of crust, sauce, and toppings.

The pizza segment undoubtedly will be a stronghold of the mom-and-pop operator for many years to come, but pizza chains are going

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through a period of unprecedented growth. According to Department of Commerce figures, the number of franchised pizza chains has grown by two-thirds between 1978 and 1982, from 66 to 106.

At the same time, sales have grown dramatically. Sales of pizza companies that franchise increased 144 percent between 1979 and 1984. Only Mexican restaurants and outlets serving "sandwich and other," as the DOC categorizes them, exceeded that growth rate.

Nevertheless, pizza companies are still largely regional. Only three companies—gigantic Pizza Hut, with 4,332 domestic units and $1.9 billion in sales; up-and-coming Domino's, with 2,300 units and $625 million in sales; and struggling Godfather's, with some 900 units and $312 million in annual sales—could truly be called national presences. Several other chains have units strung from coast to coast, but in far fewer numbers.

Pizza Hut is far and away the largest pizza chain in the country. Current expansion plans, which call for 200 new units domestically for the next five years, may make the distance even greater.

Pizza Hut was long considered a slumbering giant, with a massive market presence but uninspired execution. All that began to change with the introduction of its pan pizza (which now accounts for 70 percent of sales), followed by the personal pan pizza in 1983.

Domino's also is on the expansion track, but Godfather's has faltered due to a number of complex reasons. Internal management strife, tough new competition from Pizza Hut, and the failure of Godfather's own

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THE PIZZA SEGMENT'S TOP TEN*

Name	1984 Sales	No. Units	Avg. Unit Volume	Outlook
Pizza Hut	$1.9 billion	4,332 (domestic)	$450,000	200 units a year for next five years. Emphasis on urban areas such as New York, Chicago, L.A.
Domino's	$625 million	2,300	$416,000	Beginning international expansion with units planned in Germany and other European countries.
Godfather's	$312 million	900	$450,000	"Wait and see" strategy following acquisition of parent Diversifoods by Pillsbury.
ShowBiz Pizza Place	n/a**	364	$950,000	Concept revamping could give ShowBiz a shot in the arm. Marginal units have been closed but owner Brock Hotels Corp. remains confident.
Pizza Inn	$252 million	720	$415,000	Expansion resumed after four years of retrenchment. Expanding on military bases and overseas, among other places.
Little Caesar's	$230 million	600	$383,000***	Company executives declined comment.
Shakey's	$200 million	318	$520,000	With revamping, expansion picking up. Close to 100 new franchised locations now under contract.
Round Table	$162 million	430	$440,000	Planning to build 60 new units this calendar year, with majority in Southern California.
Mr. Gatti's	$135 million	350	$450,000	Continuing to penetrate existing markets where the chain doesn't have dominance.
Ken's Restaurant Systems	$130 million	240	Mazzio's: $936,000 Ken's: $500,000	Emphasis on Mazzio's, with five opening per month in the near future. Expansion will focus on the Southeast and Southwest. Scooter's also emerging as an expansion concept, with first franchise just sold in Florida.

*Ranked according to total sales.

**The merger of ShowBiz and Pizza Time Theater this year creates a much larger chain than in 1984. 1985 sales are estimated at $300 million.

***Estimated by Restaurant Business.

According to Dept. of Commerce figures, franchised chains had grown by two-thirds between 1978 and 1982, from 66 to 106 chains.

pan pizza all helped stop Godfather's dead in its tracks.

Pizza Inn, with 720 units and $252 million in sales, has concentrated development in the Southern to Mid-Central part of the country. Little Caesar, with 600 units and $230 million in sales, has a large presence but is not national. Round Table Pizza, with 430 units and $162 million in sales, thrives in California. Mr. Gatti's, with 350 units and $130 million in sales, has developed the Southern tier of states, as has Ken's Restaurant Systems, with 240 units and 1984 sales of $130 million.

Papa Gino's based in Dedham, Mass., dominates New England. Sbarro has a strong presence in the New York market and is steadily expanding westward; 140 units are now open in locations as diverse as New York City and Hutchinson, Kan. Saga-owned Straw Hat Pizza, with 209 units in California, confines its operations to the West Coast. Chains such as Noble Roman, Rocky Rococo, and Pantera's Pizza flourish in the Midwest.

The largest concentration of independents is located in New York and Chicago, which makes these the toughest markets for chains to crack. In fact, 6,334 pizza restaurants, or 13.9 percent of the total restaurants in the Middle Atlantic region encompassing New York City, specialize in pizza. A total of 6,797, or 13.3 percent of total restaurants in the East/North Central area encompassing Chicago, specialize in pizza. Pizza is also very strong in the New England states, where 2,213 restaurants, or 13.4 percent of the total specialize in pizza.

Pizza is least well represented in the West/South Central region, where only 6.6 percent of restaurants, or 2,710, offer it as a specialty.

Each region has its own special style of pizza, but as menus are broadened and chains charge into new areas, each style is being introduced into new localities.

Most distinctive are the Chicago-style deep-dish and stuffed pizzas made famous by Chicago institutions—one might say monuments—such as Gino's East, Pizzeria Uno, and Giordano's. All three landmark restaurants were founded by workingmen who loved pizza. Cabbies Sam T. Levine and Fred Bartoli founded Gino's East, Ike Sewell nurtured Pizzeria Uno to prominence, and Joe Boglio made Giordano's stuffed pizzas famous.

Then along came savvy marketers who saw the potential for expansion in these concepts. Giant Collins Foods purchased Gino's East last year, and in combination with Chicago's innovative Lettuce Entertain You organization plans to take the concept nationwide. A prototype unit just opened in Rolling Meadows, Illinois, and two more units have opened on Collins' home ground in California. A location opened in Brisbane, Australia, in August, and eight more restaurants will open in 1986 throughout California.

Seven years ago, Aaron Spencer purchased expansion rights to Sewell's Pizzeria Uno, and development is well underway. There are now 22 Pizzeria Unos outside of Chicago, with eight company-owned and 14 franchised. Eight more units will open this year.

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Pizzeria Uno's prototype unit in Springfield, Mass., combines a '20's ambience with black and white tones and brass.

Pizza *continued from page 108*

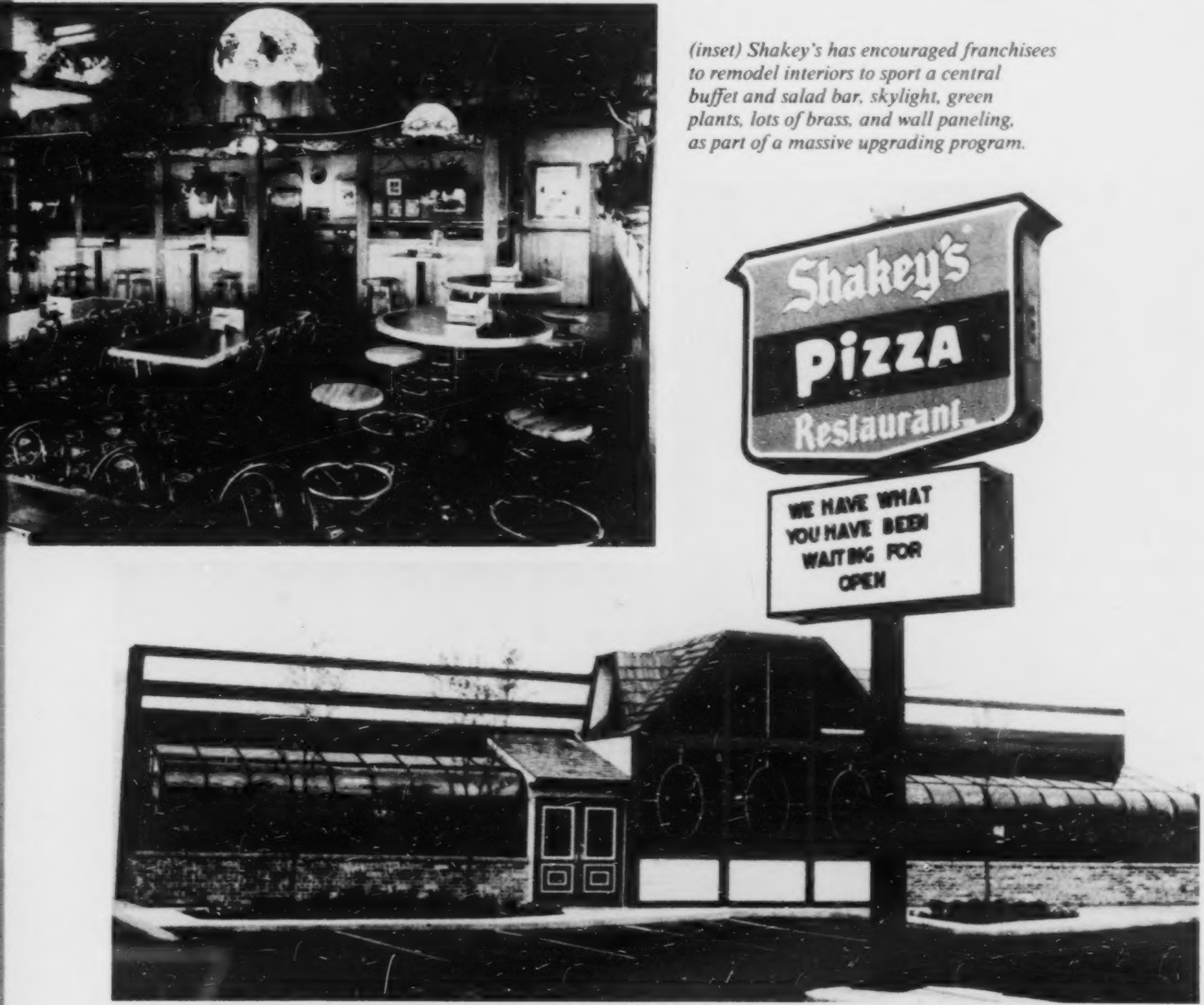
And expansion of Giordano's, famous for stuffed pizza, is also heating up. Consultant Craig Slavin, president of Franchise Architects, Inc., became so enamored of the Giordano's concept when Boglio came to him for advice on expansion that he purchased part of the company and took the position of president. There are now 14 restaurants in operation, with eight more under construction in Chicago and five more in Iowa. "We've sold approximately 35 franchises on the West Coast, in the Midwest, and in Florida," says Slavin. ' And we're going after the San Francisco Bay Area."

Sbarro, run by the three Sbarro brothers and headquartered on Long Island, is taking New York-style pizza westward, primarily in mall locations, and Pizza Inn is also introducing a New York-style pizza, which director of marketing Keith Glenn describes as slightly thicker than thin crust, made with high-gluten flour and with a chewier consistency than the crisp crust characteristic of the lower Midwest and South. "This is the kind of pizza you can fold up and carry with you," says Glenn.

Delivery

The meteoric rise of Domino's, with a business based on pizza delivery, made operators in the pizza segment sit up and take notice. In fact, 40 percent of all Americans say they had a pizza delivered between February and May, according to a National Restaurant Association study. That makes pizza delivery the most popular of the 15 "hottest" concepts delineated by the NRA. (The 15 concepts, covered in the NRA report, range from regional American cuisine to upscale hamburgers to gourmet take-out.)

Domino's Pizza posted sales gains of 45 percent a year throughout the '70s, and in the past six years some 2,000 new units have been added. In fact, an astounding 850 units opened



(inset) Shakey's has encouraged franchisees to remodel interiors to sport a central buffet and salad bar, skylight, green plants, lots of brass, and wall paneling, as part of a massive upgrading program.

The new Shakey's exterior features greenhouse atriums for a modern effect.

Pizza delivery, spearheaded by Domino's, made other chains take notice. Forty percent of Americans had a pizza delivered between February and May.

between July 13, 1984 and July 13, 1985. Currently, Domino's has about 2,300 units. Delivery accounts for 90 percent of sales; average unit sales are $416,000 annually. And now Domino's, which already has stores in Canada and Australia, is planning expansion into Germany and other European countries. A new international department has just been established.

The other major chains couldn't ignore the popularity of delivery. Among the markets where Pizza Hut is testing delivery are Norfolk and Virginia Beach, Va., and Cedar Rapids, Iowa, where the program is called Pizza to You and 20 delivery trucks are operating. Pizza Inn is also testing delivery, and Austin, Texas-based Mr. Gatti's has made a commitment to roll out its delivery program chainwide.

The latest twist on pizza delivery is one-number dialing. The customer can dial one number in a city, then receive delivery from whichever unit is closest to him. Pizza Hut is testing such a system, and Mr. Gatti's feels it has perfected a one-number system. "Just dial 459-2222. It doesn't matter where you are in the Austin ADI, you'll get our pizza," says Dave McKenzie, Mr. Gatti's new director of marketing.

McKenzie says that Mr. Gatti's is, in effect, selling that number, which is promoted on radio, TV, and billboards. Sales in the Austin market have increased 60 percent since one-number delivery was formally instituted last fall, he points out.

Tulsa-based Ken's has been testing a delivery-only concept called Scooter's. There are now nine in operation, and in the future, Scooter's will be one of Ken's primary expansion vehicles, says director of marketing Greg Lippert. "The Scooter's concept is far stronger than we expected at this time," he admits. "Scooter's are doing $7,000 to $12,000 a week out of 1,800 sq. ft. in in-line shopping centers."

Chicago's Giordano's is testing a cafe and "take-away" concept. Larger units now offer delivery, and in some cases delivery accounts for 30 percent of sales. The Giordano Cafe & Take-Away units are smaller facilities strategically positioned between larger units, which facilitates delivery. President Slavin anticipates that delivery will account for 60 percent of future cafe sales.

Giordano's also has initiated a twist on urban delivery; instead of taking the pizza to the customer, a van takes the customers to the pizza at three locations in Chicago. A Giordano's van goes to office buildings on a staggered schedule, picks up customers, takes them to dine, then takes them back to work at no charge. The whole excursion takes only an hour, says Slavin.

One rapidly expanding chain that banks on pizza delivery is Chapel Hill, North Carolina-based Pizza Transit Authority, founded in 1973. The company now operates 39 units,

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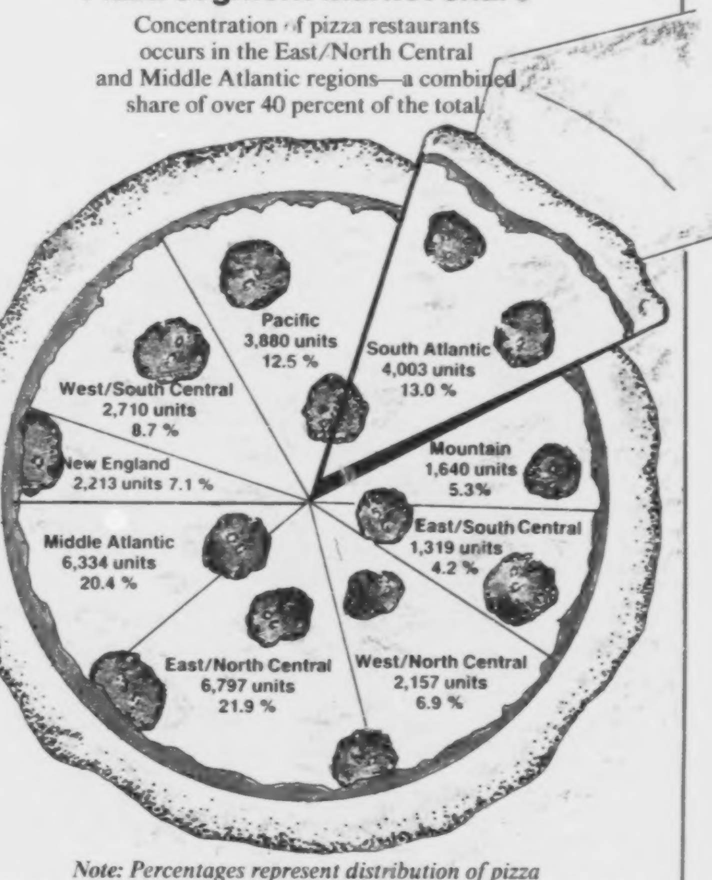
Pizza segment market share

Concentration of pizza restaurants occurs in the East/North Central and Middle Atlantic regions—a combined share of over 40 percent of the total.



Note: Percentages represent distribution of pizza restaurants by Census regions. There are 31,053 pizza restaurants in the U.S.; 10.3 percent of total U.S. restaurants.
Source: Restaurant Consulting Group. RECOUNT, Spring 1984.

The latest twist on pizza delivery is one-number dialing. Customers order by dialing a central number; delivery is made from the nearest location.

MAZZIO'S PIZZA
MAZZIO'S PIZZA

Mazzio's units decorated in neon and brass post average volumes of $500,000.

38 of them franchised. PTA units offer absolutely no eat-in service, and only five percent of sales is take-out. The company went public in January and is plotting aggressive expansion, but new vice president of marketing Sherri Van Saxon is keeping plans under wraps. She also declined to give sales figures.

Pizza Transit Authority recently named as president Thomas Charters, formerly executive vice president and CEO for Luther's Bar-B-Q and former president of Farrell's Ice Cream Parlour Restaurants. Charters says he attributes the growth in pizza delivery to two things: the high value baby boomers place on service, and the increasing emphasis on a quality home environment. "Those segments of our population having the most impact have a great deal of discretionary income," notes Charters. "A large part of that income is spent on the home environment. The baby boomer family is beginning to seek an eating experience that can be enjoyed within the luxury of the home. Gourmet take-out and home delivery answer this need."

Menu expansion

One of the most significant trends in the pizza segment, as in every segment of the foodservice industry, is the expansion of menus to build volume. Another important trend is the upgrading of food. With pizza, that generally means new and different toppings, and variations on the traditional pizza product.

Pizza Hut started the move in 1980 by introducing pan pizza, and several chains followed suit. A revamped Shakey's has just introduced a new pan pizza, as has Ken's Restaurant Systems. Now Pizza Hut has introduced its Priazzo, a stuffed pie similar to Giordano's, causing a sensation throughout the segment.

"Our research shows that people are going for quality. People are willing to pay more for quality," says Michael Jenkins, director of public relations for Pizza Hut. "We want to bring a new, upscale customer into the fold with the Priazzo, in addition to our existing base."

Priazzo is available in three varieties: cheese, ham, and spinach-stuffed Priazzo Florentine; meat-stuffed Priazzo Milano; and pepperoni, cheese, and mushroom-stuffed Priazzo Roma. The top crust is then covered with cheese and pizza sauce.

In addition to massive television advertising, the new product introduction is being touted by Priazzo bibs distributed in-store and by T-shirts proclaiming, "I brake for Priazzo."

Pizza Inn is also rolling out a stuffed pizza, but director of marketing Glenn is adamant in saying that the product was in test long before the Pizza Hut's Priazzo was introduced. "You can't develop a product like this overnight," he notes.

He adds that the time was ripe for such a product, with its abundance of ingredients. "People perceive a good pizza to have a lot of cheese and toppings," he says. "A thin-crust pizza can only hold so much, so the deep dish pizza was introduced. Then there's a limit to how much a deep dish pizza can hold, so the stuffed pizza is the answer."

Pizza Inn resumed expansion in 1984 following four years of retrenchment, with company stores reduced from more than 350 to less than 275. After dipping sales in the latter part of 1984, sales are again on the rise, up five percent over last year. Glenn says that the major growth in average unit sales will come via new product introductions.

Some companies are experimenting with unusual toppings. Ken's Restaurant Systems, for example, has introduced a taco pizza and a barbecue pizza. The taco pizza is an original crust topped by pizza sauce, hamburger, lettuce, tomato, black olives, cheddar, and mozzarella. Taco sauce is available on the side. The barbecue pizza is topped by shredded barbecue meat with pizza sauce.

The taco pizza is accounting for 15 to 20 percent of the sales mix now, says director of marketing Lippert. The barbecue pizza is accounting for about 15 percent of sales, and the newly introduced pan pizza has captured 30 percent of sales.

Saga's Straw Hat Pizza last spring introduced a "Real California Pizza" topped by fresh vegetables and California cheeses. Last June, Saga announced that it would divest itself

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Pizza chains will have to adopt "a more methodical approach to developing an identity with the public." —Keith Glenn, dir. of marketing for Pizza Inn.

of Straw Hat, then in November decided to keep the subsidiary. The new pizza is part of the "multifaceted, very aggressive improvement program to upgrade the chain," says Gene Elsbree, Saga's vice president of communications. who adds that details are confidential at this point.

A fair amount of emphasis is being put on increasing sales by adding additional pizza-related products, such as calzones. A calzone, which can be called an Italian style turnover, is made with pizza dough and stuffed with ricotta cheese and other ingredients. This product is common in the Northeast but unfamiliar in many other parts of the country. Pizza Hut is now testing a calzone, but spokesman Jenkins points out that the product is difficult to cook using Pizza Hut's ovens.

California-based Round Table Pizza has rolled out a calzone stuffed with ham, olives, onions, tomato and a blend of cheeses, topped with sauce and green onions, to boost luncheon sales. Price is $3.50. And New York-based Sbarro has found success in all parts of the country with its calzone, a standard since the chain's early days.

Round Table is typical in trying to boost luncheon sales by upgrading its sandwich line and by adding several new products. In addition to the calzone, Round Table now offers a "Personal Country Pie" for $2.50, as well as soup and garlic bread. An unusual addition is "Pizza Tatos," or potato skins with pizza toppings. Sales are up 16 percent in some units with the new items, says director of public relations Dennis Fong.

The new owners of Gino's East in Chicago are dramatically expanding that concept's menu. To create the expanded menu, Lettuce Entertain You worked with chef Dennis Terczak of Chicago's Avanzare, which is affiliated with LEY and with Harold Elder, LEY's corporate chef. The menu emphasizes fresh, high-quality ingredients and includes antipasti, salads, and pasta entrees.

The featured antipasto is Rotoli, fresh-baked Italian rolls seasoned with butter, garlic, and parmesan cheese. Other antipasti include fried mozzarella and pomodoro sauce; fresh mushrooms stuffed with mozzarella, cream cheese, ham, sherry, and cream; calamari with puttanesca sauce; and fresh artichokes stuffed with bread crumbs, sherry, and pecorino romano cheese.

Six spinach and egg pastas are homemade daily. A variety of Italian sandwiches, minestrone and soup of the day, plus ice cream and Italian ices round out the new menu.

Mr. Gatti's is testing several pasta dishes, and Pizza Inn has expanded its Pasta Buffet in certain markets to include four noodles and four sauces. Pizza Inn is also testing self-service drink bars, with free refills, in some stores.

Taking a different approach, Ken's has "Sweet Shoppes" in four units. The Sweet Shoppes offer gelato, fudge brownies, and chocolate chip cookies baked in the unit.

Pizza restaurants are even venturing into breakfast. Domino's tested breakfast in Dayton, Ohio, and is now evaluating the results. Customers were extremely pleased with the service, says Char Reese, director of market research.

In the Domino's test, something called "Bakeups" were delivered along with a copy of *USA Today* and coffee or orange juice. Customers could even call the night before for a wake-up call, says Reese. A Bakeup is a pizza shell with tomato sauce, topped with anything from eggs to a cinnamon streusel mix. The whole package was priced at $4.95.

Giordano's is also plotting expansion into the breakfast segment. Its entree is a quiche-like breakfast pie stuffed with scrambled eggs and other ingredients. The top layer of dough is coated with oil and butter.

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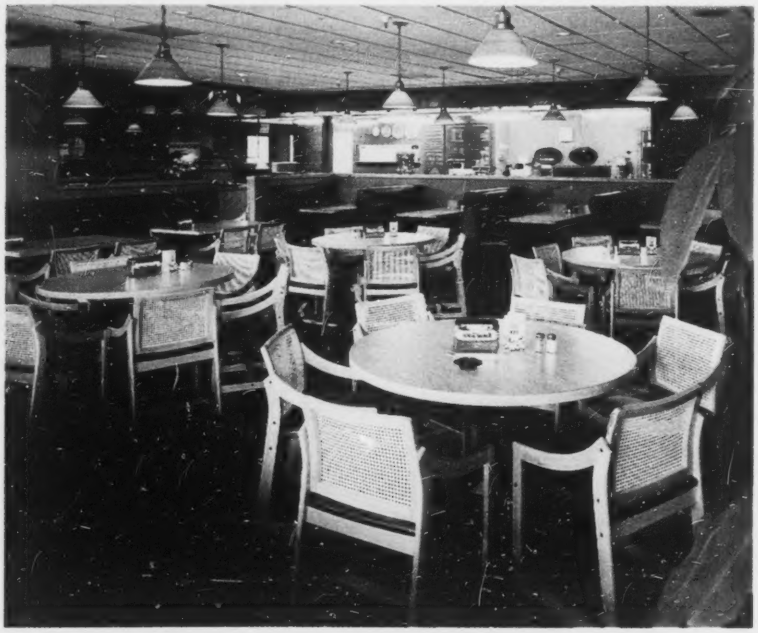

Round Table now offers Pizza Tatos and Personal Country Pie.

Pizza *continued from page 114*

New and different pizza toppings, along with variations on the traditional pizza, are geared towards building volume and appealing to upscale consumers.

Breakfast will be offered in high-density downtown locations and office buildings, says Slavin.

Upgrading facilities

Another significant trend in the pizza segment is the upscaling of facilities. The experience of Ken's Restaurant Systems (KRS) explains why this is happening.

KRS has operated two concepts for several years: Ken's and Mazzio's. Ken's is the standard pizza parlor of yesteryear, while Mazzio's is a snazzier version with neon, lots of brass, and video games. Mazzio's posts average unit volumes of $936,000 compared with Ken's average unit volumes of $500,000.

Sensing the trend, Shakey's new owners, Gary Brown and Jay Halverson (former Shakey's franchisees), have embarked on a massive upgrading program. Franchisees are being encouraged to add greenhouse atrium additions to the front of units, which give a modern, open appearance. An attractive brass-fitted buffet and salad bar takes center stage in a remodeled dining room with a centrally located skylight, live green plants, lots of brass, and rich wall paneling. Upgrading is already underway in 10 percent of units, according to management.

Pizzeria Uno, Gino's East, and Giordano's are all building upscale prototype units, in some cases a far cry from their rather rustic Chicago forebears.

Pizzeria Uno's prototype is located in Springfield, Mass., and reflects a late '20s or early '30s ambience. In the style of today, there is plenty of brass, with a green color motif accented by black and white checks.

The new Gino's East in Rolling Meadows, Ill., seats 300 people at booths and tables on two floors. Brass wall sconces, rough-sawn cedar walls, and a floor-to-ceiling exposed-brick wall in the center of the main dining room create a comfortable atmosphere.

At the original Gino's East, part of the charm is the generations of graffiti scrawled on walls. Customers at the new Gino's East will be encouraged to continue the tradition.

The Giordano's prototype is dominated by a central display kitchen, with dining and waiting areas wrapped around the kitchen. The facility features off-white stucco walls, with warm gray and warm orange trim. Everything from uniforms to logoed dinnerware has been redone in the gray and orange tones.

sbarro
The Itali...

Sbarro has found success in all parts of the country with its calzone.

Entertainment concepts

Since 1980, the two giants of the pizza/entertainment segment have fought a fierce battle for business, both suffering as the market became oversaturated. The rivalry ended recently when Brock Hotel Corp., ShowBiz Pizza's parent company, purchased Pizza Time Theater, which last year filed Chapter XI. Consequently, the "new" chain has a considerable presence in the marketplace.

As part of an effort to rebuild the troubled chain, owner Robert Brock recently hired Richard M. Frank, former executive vice president and chief operating officer of S & A Restaurant Corp.

The chain is also downplaying video games and aiming at an audience of children up to 12 or 13—as well as their parents, of course. The revamped concept includes kiddie rides, carnival games, and family skill games.

Changes in the dining room include introduction of big-screen mini-movies and a new method of entertainment by robot Billy Bob, in which an unseen operator can carry on conversations between the bear and children in the audience.

Nevertheless, the company still faces hard times, mainly because of Brock's top-heavy debt load. Early in July the company completed a management contract on a group of its hotels it had planned to sell to pay off debt incurred by ShowBiz. Under the terms of the contract, income from the hotels will be split between Brock Hotel and ShowBiz creditors, after Brock has deducted a management fee. The company also has sold some of its hotel assets to help pay ShowBiz debt. ☐

Liquor legislation: state by state analysis

by James E. Peters

Legislation must be created which recognizes the positive steps taken by the food and beverage industry to serve alcoholic beverages more responsibly.

Although some states have moved in the direction of repealing liquor liability laws, many others are broadening the scope of liability, particularly through common law. The most promising approach is to modify provisions of current law, rather than seeking repeal of all liability.

Options for dram shop legislation include: Establishing industry standards on responsible beverage service practices; creating legal, regulatory, and insurance incentives for compliance with these standards; establishing alternate methods of victim compensation; and enforcing current regulations rather than creating new ones.

A number of states are taking steps to reform existing statutes or rein in open-ended court decisions, and some are simply defeating attempts to enact new dram shop liability.

South Dakota legislation, referred to as "reverse dram shop," was recently signed into law, and says, in effect, that bartenders and owners are not liable. In 1978, California repealed dram shop liability; however, two bills were introduced this past legislative session reinstating dram shop. They have been postponed until January for consideration.

The next closest repeal legislation was signed into law on June 13 in Missouri. This legislation, sponsored by Sen. Henry Panethiere, (D) would require a conviction for illegal service before any civil action could be initiated by a third party. In New Mexico, *SB 474*, a dram shop reform bill, was enacted this year, and requires much stronger standards of proof in a number of areas in order that the server be held liable.

To be sure, momentum of the anti-drunk driving movement continues, and public sentiment is becoming less tolerant of irresponsible serving practices of bars and restaurants. With all the positive activity by the industry to serve alcohol more responsibly, it is necessary that legislation be created which recognizes these efforts. The following is a brief summary of options being considered by legislatures.

Establish liability cap

The only states which currently have a cap on liability are: Connecticut, $50,000; Illinois, $15,000/$20,000; North Carolina, $500,000 (sale to minor). Michigan's legislature is considering a $100,000 cap, and Oregon a $50,000 cap.

Pro: More clearly defined risk for insurers will undoubtedly make them more willing to write coverage.

Cons: Since there is not a lot of legal precedent for caps, a strong, organized lobbying effort is probably critical for widespread passage.

If a cap is set too low, there is more incentive to settle quickly in cases where there is not necessarily fault on the part of the licensee. Legal costs could equal or exceed cap.

Too high a cap would promulgate higher premiums, leaving insurers less willing to write coverage.

Strong opposition by victims' groups and trial lawyers is likely to focus on placing a limit on the value of a human life.

In general, recovery caps are in conflict with basic tort law principles, which assume that a plaintiff has a right to full recovery, regardless of amount, if he can prove defendant's fault and amount of loss.

Type of recovery

In Minnesota, *HF 265* was passed and awaits the signature of Democratic Governor Perpich. It contains a provision which will end the awarding of pecuniary (intangible) damages and limit to primarily economic losses (i.e. property damage and medical expenses).

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Dram shop *continued from page 122*

Pro: Provides innocent victims with compensation for immediate expenses, but keeps overall settlement lower.

Cons: Could be declared unconstitutional because it takes away discretionary power of jury in determining fair compensation.

Strong opposition by victims' groups and trial lawyers.

There is little precedent for this type of legislation, and it would be argued that a new class of liability would be created specifically for the bar and restaurant industry.

Attorney fees

Regulations on how high a contingency fee for attorneys can be is something that can be regulated by the state. An example is a 10 percent limit on attorneys' fees in workman's compensation.

Pro: In some cases, 20 to 50 percent of the settlement goes to the attorney rather than the innocent victim. Establishing a cap on attorney fees would more fairly compensate the victim, and potentially reduce the overall settlements or filing of frivolous lawsuits.

Con: No or too low contingency fee would prohibit many people from obtaining legal counsel.

Responsible business defense

Currently, only one dram shop statute allows a "responsible practices" defense against liability, North Carolina. Several other states have introduced modified versions of the Model Dram Shop Act developed by the Prevention Research Group, Berkeley, California, which establishes responsible business practices as a defense. These states are Michigan, California, Oregon, and Hawaii. Other states with commissions considering the Model Act are Massachusetts, Florida, Wyoming, and Oklahoma.

Pros: The Model Act provides a defendant a means of protection from liability if it can be shown that, at the time of service of alcoholic beverages, the defendant was following those business practices which an ordinarily prudent person would follow with the same duty under like circumstances.

It creates greater incentives for current efforts by bars and restaurants to provide staff training, alternative transportation, alternative beverages, and promotion of food.

It overcomes the difficulty in recreating the particular circumstances of the sale and the very subjective and uncertain nature of the "obvious intoxication" standard.

Con: One argument often cited against the responsible practices defense is there could be an increase in liability of the bar or restaurant if certain business practices are adopted too enthusiastically (a "good samaritan" rule). However, the duty already exists to avoid serving an intoxicated person and minors. An establishment that chooses to not fulfill this duty, does so at its own peril.

Notice provisions

A notice provision is that period of time during which a defendant establishment must be notified that a claim is being pursued against it. Only three of the 23 existing states include notice provisions–Connecticut (60 days), Iowa (six months), and Minnesota (120 days).

Pro: Allows a defendant to inves-

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Liquor liability laws, state-by-state

State	Dram Shop	Common Law Negligence	No Law
Connecticut	x		
Delaware			x
District of Columbia		x	
Maine	x		
Maryland			x
Massachusetts		x	
New Hampshire			x
New Jersey		x	
New York	x		
Pennsylvania	x		
Rhode Island	x		
Vermont	x		
Alaska	x		
Arizona		x	
California	x		
Colorado	x	x	
Hawaii		x	
Idaho		x	
Montana			x
Nevada			x
New Mexico	x	x	
Oregon	x	x	
Utah	x		
Washington		x	
Wyoming	x	x	

State	Dram Shop	Common Law Negligence	No Law
Illinois	x		
Indiana		x	
Iowa	x		
Kansas			x
Michigan	x		
Minnesota	x		
Missouri		x	
Nebraska			x
North Dakota	x		
Ohio	x		
Oklahoma			x
South Dakota		x	
Texas		x	
Wisconsin		x	
Alabama	x		
Arkansas			x
Florida	x		
Georgia	x		
Kentucky		x	
Louisiana		x	
Mississippi		x	
North Carolina	x	x	
South Carolina			x
Tennessee		x	
Virginia		x	
West Virginia			x

Source: National Restaurant Association

Dram Shop *continued from page 124*

tigate a claim while the underlying facts are still fresh. Since dram shop cases often involve accidents occuring off-premise, defendants often will have no knowledge of the accident until informed by the plaintiff. Absent a notice provision, a defendant may not learn of a claim until just prior to expiration of the appplicable statute of limitations, which may be a period of several years.

Con: Notice provisions are an extension to the general rule in civil liability law. The law abounds with the imposition of civil liability for injuries occuring outside the presence of a defendant for which no notice is required.

Limiting recovery

Generally, in states with dram shop statutes, the drinker is not allowed to recover damages. However, there is an increasing number of common law cases allowing the drinker, as well as the innocent third party, to recover, especially in cases involving a minor.

Some states allow the drinker to recover when there is reckless behavior by the defendant bar (i.e. serving 11 shots of 151 rum in 1 1/2 hours, *Ewing vs Cloverleaf Bowl, 143 CAL Rptr. 13, 1978).*

In addition to a statute only allowing recovery by the third party, the following three mechanisms can also limit recovery by the drinker. A state usually has one of them.

Comparative negligence: The court calculates the percentage of fault of each of the parties in a lawsuit (i.e. defendant bar, 20 percent, defendant drinker, 40 percent, and plaintiff, or innocent third party, 40 percent). If the plaintiff is more than 50 percent at fault, there is generally no right to recovery. Whatever the judgment, each must pay according to the percentage of fault. For instance, a $200,000 settlement in the above case requires $40,000 by the defendant bar, and $80,000 by the defendant drinker. In some cases, if the defendant drinker does not have the ability to pay, the total burden falls on the defendant bar.

Contributory negligence: If it can be shown that the plaintiff was negligent in any way, a claim can be denied altogether, even if the defendant bar was 95 percent negligent.

> Liability caps are likely to be fought by victims groups and lawyers who oppose placing a limit on the value of human life.

Complicity doctrine: In general, the drinker and/or companions of the drinker cannot recover. This doctrine may or may not be included in a dram shop statute, and is not applicable under common law.

Insurance

There are several mechanisms for providing insurance to individuals or companies entitled to coverage, but unable to obtain it. Some states require a bar or restaurant to have liquor liability insurance, such as Minnesota, or the threat of liability is so great that insurance is almost mandatory, like in Massachusetts, New Jersey, Maine, and Michigan. Insurance companies have withdrawn from these markets, making it necessary for the legislature to take immediate action to create some type of insurance.

Assigned risk plan. Mandated by legislature, policies are assigned to various carriers on a rotating basis. An example of this is New York's assigned risk plan for young drivers. Drawback of this system is that a policy can be provided by a company without the necessary assets to cover potential losses.

Joint underwriters association. Mandated by legislature, an association of insurance companies is formed to provide certain types of insurance. This system is often used for medical malpractice. Massachusetts recently passed legislation which forms this type of association, giving it the responsibility of writing liquor liability insurance.

Insurance "pool." Government provides authority to avoid antitrust agreements, for insurance companies to form a pool to write particular types of coverage. This is often referred to as syndicated insurance, and most often operates on a voluntary rather than mandatory basis.

Other considerations

Exclusive remedy. Although North Carolina has one of the most progressive dram shop statutes with a dollar cap on liability and a responsible business practices defense, it is not the exclusive remedy for dram shop, and lawsuits are filed using common law principles. Once a fair and realistic dram shop statute is developed, it should be the exclusive remedy for recovery.

Privileges. Bars and restaurants that establish procedures for minimizing consumption of alcoholic beverages by minors or intoxicated persons may face potential liability claims by those affected by the procedures. False imprisonment, intentional infliction of emotional distress, and conversion are among the most likely civil claims that may arise. These are usually for minimal damages and are more in the nature of harassment. Provisions should be placed in a statute which will limit harassment claims.

Alternate victim compensation. Dram shop liability is increasing for the most part because of efforts to compensate innocent victims of drunk driving accidents. This system can be unfair and arbitrary, allowing only those victims with a "good case" to obtain qualified legal counsel, leaving many other innocent victims uncared for. Alternate means of victim compensation would avoid this problem, and reduce many unnecessary claims against bars and restaurants, or provide funds over amount of insurance or liability "cap."

Legislation has been introduced in Oregon which would establish this type of fund. Financing would come from drunken penalties, licensing fees and other sources.

James E. Peters is executive director of Northampton, Mass.-based Intermission, Ltd., a nonprofit center for study of social responsibility in the hospitality industry.

18TH ANNUAL

RESTAURANT GROWTH INDEX

The 18th Annual Restaurant Growth Index (RGI) is our exclusive analysis of the foodservice industry published each September. It begins with a comprehensive report on the important trends, including sales, purchases, and real growth data in nine major market segments—separate eating and drinking places, hotel/motel, transportation, leisure, retail, business and industry, student, healthcare, and military—and 38 sub-market segments. New this year is the inclusion of unit counts and per capita sales. Following this study on page 200 is our statistical profile of the nation's 316 metropolitan areas and 214 ADIs. For the first time the Top 100 metro and ADI rankings include eating place sales as well as per capita sales for each of the top 100 eating place, restaurant, and fast food markets.

In this year's edition of the Restaurant Growth Index (RGI), we provide hard data for 1983, best estimates for 1984 (the last full year), and a five year projection to 1989.

This year, we add the number of locations by market segment to the Restaurant Growth Index. The bulk of the location counts are derived from the 1982 Retail Trade Census. The counts in the ADI and MSA sections are based on County Business Patterns and will differ from the Retail Census Data primarily because of a consolidation in reporting units at the county level for multi-unit ownership in the County Business Pattern data for units under 10 employees. The reason we have added unit count data is because you, the readers, have asked for it. The statistical picture is incomplete without the number of units since growth is primarily unit driven.

Foodservice sales in 1984 advanced 8.2 percent to a total of $163.5 billion, a nominal gain of $12.4 billion and a real gain of $6.0 billion. We must view the absolute numbers of growth, not percentages. As the industry gets larger, percentage gains will decline but total real growth will continue.

The 1984 size of the foodservice industry at $163.5 billion is a conservative figure as it does not include a commercial equivalent dollar volume for military feeding (troop feeding) or school foodservice (we count as actual sales only cash paid by the students); and it does not include vended can soft drinks or vended candy. We show food and beverage sales for establishments with payroll only*.

For 1989, we project foodservice sales of $231.2 billion. This is a compound annual sales gain of 7.2 percent or $67.8 billion over five years. In real terms, the growth rate is 2.6 percent or $22.3 billion.

Even in a basically bottomed out menu price level of 4.48 percent over the next five years, inflation still accounts for 67.1 percent of sales gain. Where real growth is above the industry level, the proportion of real growth to total sales in the category will be substantially higher as can be seen in the convenience food store sector with a compound annual nominal growth rate of 25.1 percent and a real growth rate of 19.7 percent. In this case real growth is 70.8 percent of total growth.

Compared with last year's five year forecast 1983-1988, real growth at 2.6 percent is 0.2 points lower in 1984-1989. The principal difference is 1984-1989 has a negative −0.4 percent institutional/internal real growth rate. The real commercial/contract rate at 3.0 compound annual percent is the same. What has changed is the composition of growth within the group. The lead-

Foodservice Industry Summary

	1983 Sales ($000,000)	1983 Units ($000,000)	1983 Purchases[1]	1983 VS 1982 % Sales Growth ($000,000)	1984 Sales ($000,000)	1984 Purchases	1984 VS 1963 % Sales Growth ($000,000)	1989 Sales Annual Growth	1984-1989 % Compound Nominal	1984-1989 % Compound Real
Total Market	151,082	560,209	62,946	8.1	163,469	67,775	8.2	231,227	7.2	2.6
Commercial/Contract	130,228	412,283	49,302	9.1	141,821	53,613	8.9	204,700	7.6	3.0
Institutional/Internal[2]	20,088	146,670	11,542	1.8	20,828	11,944	3.7	25,428	4.1	−0.4
Military[3]	766	1,256	2,102	7.3	820	2,218	7.0	1,099	6.0	1.5
MAJOR MARKET SEGMENTS										
Eating/Drinking Places	103,323	315,541	36,031	9.4	112,666	39,277	9.0	161,793	7.5	2.9
Eating Places	95,173	254,252	33,117	9.9	104,418	36,328	9.7	153,202	8.0	3.3
Full Menu Restaurants	50,514	123,657	17,890	8.8	55,094	19,512	9.1	78,350	7.3	2.7
Limited Menu Restaurants	39,453	113,110	13,414	11.7	43,674	14,849	10.7	66,780	9.0	4.2
Hotel/Motel Market	9,360	29,719	3,023	8.4	10,179	3,288	8.8	14,617	7.5	2.9
Transportation Market[4]	2,311	422	1,011	11.5	2,555	1,119	10.6	4,155	10.2	5.5
Leisure Market	4,507	19,374	1,688	9.3	4,835	1,812	7.3	6,870	7.3	2.7
Retail Market	4,085	56,892	1,428	9.8	4,549	1,589	11.4	8,005	12.0	7.2
Business/Industrial Marke	8,321	11,737	8,958	5.6	8,951	9,579	7.6	12,047	6.1	1.6
Student Market	7,764	93,579	4,946	5.3	8,045	5,087	3.6	9,683	3.8	−0.7
Health Care Market	11,203	31,958	5,457	−1.2	11,502	5,618	2.7	14,016	4.0	−0.4

1. Purchases include all food, nonalcohol and alcohol beverages (does not include equipment or supplies).
2. Community center sales and purchases which are counted in Institutional/Internal sales and purchase totals are not shown in detail in the eight major groups.
3. Sales data based on post exchanges and clubs; purchase data based on post exchanges, clubs and troop feeding
4. Sales of terminal facilities and highway (interstate) are included in Eating places for addition to total market figures.

Note: Full menu restaurant and limited menu restaurant sales are included in eating place sales. Eating place sales are included in eating and drinking place sales and should not be added with other major market segments to arrive at total market sales.

Industry Real Growth Summary

	1983 % Real Growth Rate	1984 % Real Growth Rate	1984-1989 % Real Compound Annual Growth
Total Market	3.9	4.0	2.6
Commercial/Contract	4.7	4.7	3.0
Institutional/Internal	–0.8	–0.6	–0.4
Military	2.9	2.8	1.5
MAJOR MARKET SEGMENTS:			
Eating/Drinking Places	4.9	4.8	2.9
Eating Places	5.5	5.5	3.3
Full Menu Restaurants & Lunchrooms	4.4	4.9	2.7
Limited Menu Restaurants	7.3	6.5	4.2
Hotel/Motel Market	4.0	4.6	2.9
Transportation Market	5.9	6.3	5.5
Leisure Market	4.9	3.1	2.7
Retail Market	5.4	7.2	7.2
Business/Industrial Market	1.8	3.4	1.6
Student Market	0.9	–0.5	–0.7
Health Care Market	–2.7	–1.7	–0.4

1. Wholesale food price index will increase at 3.15% compound annual rate for the five years 1984-1989. This is a substantial drop from the 1983-1988 rate of 4.44%. Menu prices will increase at a 4.48% compound annual rate 1984-1989. This is virtually the same rate as the estimate of 4.51% for 1983-1988.

We use compound annual growth rates to express change in our projections because they are mathematically correct. To illustrate, if we multiply the 1984 industry sales total of $163,469,000,000 by the compound growth rate of 7.2 percent (1.072) and then multiplied the result by 1.072 and repeated the process three more times, we would obtain the 1989 result of $231,227,000,000. If the same procedure was duplicated using the average annual growth figure of 8.3 percent (1.083), the result would be a projected sales figure for the industry in 1989 of $243,544,000,000.

ing real growth gainer in the future is the retail sector due to the coming of age of foodservice in convenience food stores. We project a real compound growth rate of 19.7 percent over the next five years, which is about 6.5 percent of total industry real growth.

The next big winner in percentage terms is the transportation market at 5.5 percent compound annual real growth. With deregulation and a strong promotional fare structure air travel will do very well at 6.8 percent compound annual real growth.

The next major group at 3.3 percent real growth is eating places. This rate is 0.2 points lower than 1983-1988. The major change is the lowering of limited menu restaurant real growth from 4.8 to 4.2 compound annual rate. Despite this decline, which is due to a difficulty of obtaining new sites in the quantity of earlier times and changing demographic mix toward an older society, limited menu restaurants will account for 44.7 percent of the real growth over the next five years.

It is important to note that the sales share of limited menu restaurants of the foodservice industry in 1989 will be 28.9 percent. Clearly, it will continue to have a disproportionate share of the gains in real growth. Full menu restaurants increase their real growth rate by 0.1 percent to 2.7 compound annual growth. While this may not seem great shakes, this sector will account for 35.2 percent of all real growth. Eating places as a whole will generate 83.7 percent of real growth over the next five years. In 1984, eating places accounted for 63.9 percent of sales.

A principal reason for the large share of the growth by eating places, besides their mass, is that the student market and hospitals are losing real growth over the next five years. Hospitals-internal will decline by –2.5 percent compound annual growth due to cost containment which started in 1983. With regard to schools-internal, the compound annual real decline is –3.2 percent.

On the economic side, over the next five years we see real disposable income increasing at 2.91 percent compound annual rate and GNP advancing at 3.05 percent. Thus for eating places, we see a growth rate slightly higher than GNP and for all commercial/contract a rate approximating the GNP.

In summary, the next five years will not be spectacular but for the commercial/contract segments it will be good, with substantial real total dollar growth. □

**How higher sales values can be generated by how one approaches the data.*

If we adjust our figures to reflect the higher sales values generated by the addition of military troop feeding and school foodservice commercial equivalents and the additional volume in vending categories not originally included, we would show industry sales $18.5 billion higher for a new total of $181.9 billion in 1984. This total is 11.3% higher than our basic estimates. In our view, these adjustments are not valid because they produce a result which is in turn inflated (military and school feeding), and not comparable (candy sales are not included in the Census of Retail Trade's merchandise line for meals and snacks, nonalcoholic beverages and alcoholic beverages).

This summary was prepared by RBI Research and Malcolm M. Knapp, president of Malcolm M. Knapp, Inc., New York. The 1983 sales and purchases data used in this nine major market and 38 sub market growth report were prepared by Mr. Knapp under contract with the National Restaurant Association. Estimates for 1984, and projections to 1989 were prepared specifically for Restaurant Business Magazine.

Separate Eating and Drinking Places

Competition is intensifying as operators search for new niches, explore new profit options, and attempt to diversify.

The dining out market of the mid-1980s is a dynamic one. Consumers are more intrigued than ever by sophisticated, varied menus and dining experiences, while at the same time, increasingly concerned with the more subjective considerations of price/value. Restaurateurs and chain executives are searching for new niches, and competition is intensifying. A number of companies with a few years under their belts are upgrading and repositioning. Many established companies are reaching out for new customers and keeping old ones by diversifying their menus. Still others are attempting to slip in between the cracks by offering specialized or regional favorites.

Operators are exploring other profit options, like breakfast, take-out and catering, and delivery. Healthy and light have become the buzzwords of the '80s, although baked goods, desserts and premium ice creams also have their place—sometimes with the same group that's ordering light. Brasserie menus, offering something for everybody at any time, are hot, and so is the concept of restaurants combining socializing *and* specialty dining. Still big and growing is the gourmet burger segment, but, as industry observers predict, watch for some shake out. Nostalgia is upon the industry, especially '50s concepts and art deco interiors.

Although the industry as a whole is vigorous, the field is crowded and competitive, and the past year has seen some casualties. Kelly-Johnston (a Chi-Chi's and Duff's franchisee); Peoples (a family restaurant chain spun off from Bonanza several years back); Tokyo Bowl (an Oriental fast food concept); and Fresher Cooker (a healthy fast food chain) have all filed for bankruptcy. In fact, the problems of the latter two indicate that Chinese fast food and healthy food may not be all that easy to develop as a chain. Both companies have had problems with consumer acceptance, necessitating significant concept overhauls, and neither has been able to attract and keep franchisees—R.J. Reynolds backed off an earlier franchising commitment with Fresher Cooker. Likewise, Nankin Express in Minneapolis, despite franchising promises from giant International Multifoods, has been disappointingly slow to take flight, despite a number of changes in the concept.

Another company much in the news for its troubles was Diversifoods, which creaked on through a number of management shake-ups, problems with dissident Godfather's franchisees, and a failed attempt at a leveraged buyout before settling on a plan to be acquired by Pillsbury, which beat out Horn & Hardart on a takeover attempt. A planned leveraged buyout of Foodmaker/Jack in the Box from parent Ralston Purina was also scuttled, in late June.

Buy-and-sell fever, in fact, has been very apparent in the industry, as companies seek to diversify their holdings or to retrench where the profits are surest. Saga added eight-unit Spectrum Foods, a specialty restaurant company, to its growing portfolio of restaurant concepts.

Southern Hospitality Corp. divested its eight full-service restaurants in January, preferring to concentrate in fast food. Imasco, parent of Hardee's, has acquired Grisanti Inc., and will expand the Mama Grisanti Italian dinner house concept. And Pillsbury, with obvious confidence in the potential for a national Oriental fast food chain, acquired nine-unit Quik Wok, a San Antonio-based Chinese chain which will be managed by its Burger King subsidiary. General Mills shared that confidence, acquiring the four-unit Leann Chin chain out of Minneapolis. However, General Mills is also selling. The company struck an agreement with W.R. Grace—seemingly always acquisition-minded—for the sale of Darryl's (27 theme dinner houses) and Casa Gallardo (about 25 Mexican restaurants); The Good Earth (General Mills' 47-unit healthy chain) remains on the block.

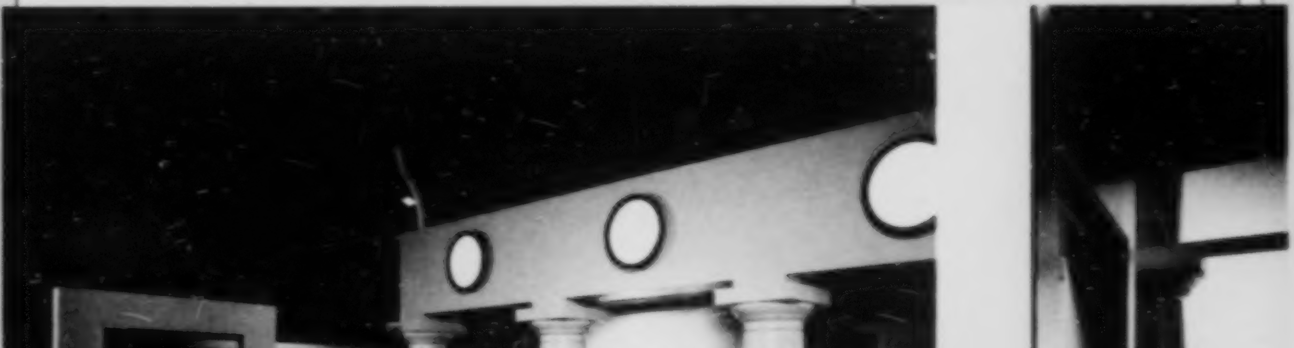
Collins Foods International has been on a diversification spree that bought it Gino's East, a deep dish pizzeria in Chicago, Josephina's (a California-based Italian dinner house chain) and a 60 percent interest in Ed Debevic's, a joint venture "modern diner" concept with Lettuce Entertain You of Chicago and Phoenix' Big 4 Restaurants. Each is being fine-tuned. Three Gino's have opened since the acquisition. Though different things have been tested in each of the units, the thrust of menu refinements broadens the original restaurant's focus to include more pastas, appetizers, and entrees.

As a result, average checks are higher. Decor refinements also retain the basic concept while broadening the appeal and upgrading the ambience: the new restaurants feature the original's pubby flavor and graffiti-splashed walls, while introducing natural light, attractive furnishings, and other amenities.

Many older chains, in an attempt to renew flagging sales and customer interest, are repositioning. One such chain is Red Lobster. After a poor showing in 1984, the chain of 370 seafood dinner houses is hoping to recover via an extensive remodeling program (which includes, in some markets, exhibition mesquite grill kitchens and raw/seafood appetizer bar in revamped cocktail lounges) and a 100-item new menu featuring market-fresh fish. The company, which is owned by General Mills, has also opened a small, limited-menu cafeteria-style express unit in downtown Orlando, and has reorganized to create a new department charged with researching concept variations to appeal to new markets.

One particularly successful change in direction has been carried out by Sizzler, born in 1957 and being reborn in the 1980s. First indication: the name. Changed from "Sizzler Family Steak House" to "Steak-Seafood-Salad Sizzler" in late 1983, the once-budget steak house concept now features an upgraded decor; a broader menu which includes fresh fish, cut-on-premise steaks, an expanded salad bar and a soup bar. These changes position the chain between the gourmet hamburger/mid-price segment and the casual theme one. In March, the company opened an upgraded unit in Palm

Philadelphia restaurateur Steve Poses' newest restaurant, City Bites, is a trendy bistro offering a casual ambience and diverse menu in a dining area that fits a '50s diner inside a Greek temple structure.

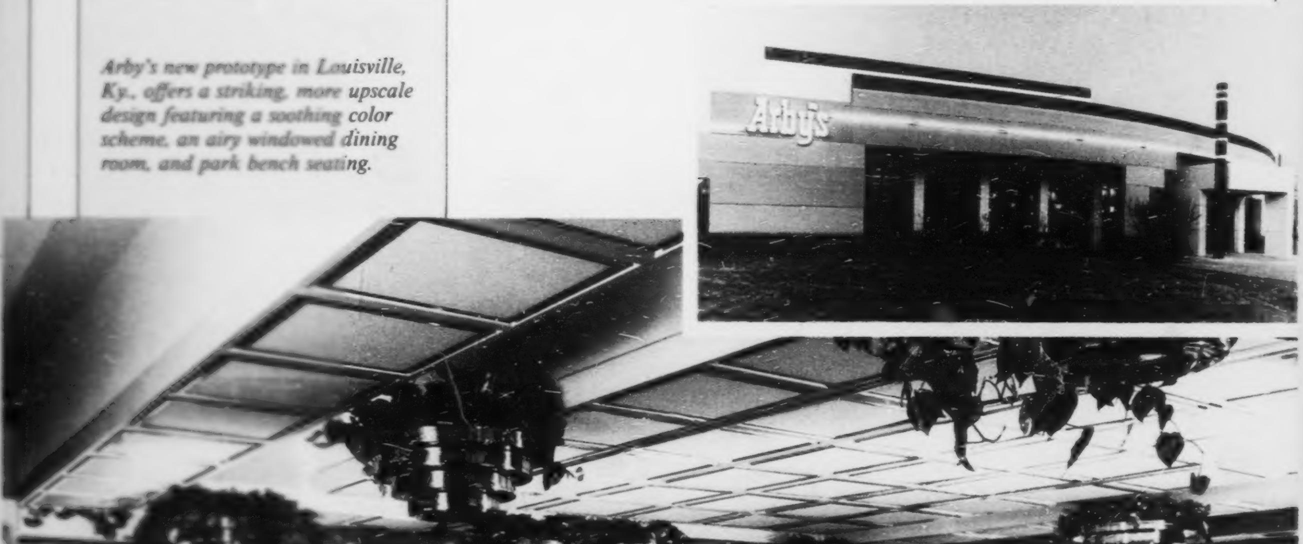


Desert, Cal. (an affluent community near Palm Springs), which features a cocktail lounge, greenhouse seating, and an upscale tropical look with etched glass, rattan, a beamed ceiling and bamboo fans. The unit will generate sales of more than $2 million annually.

New product introductions have become very important in an industry which seems more trend-conscious than ever before. Riding the Americana bandwagon, Bennigan's has introduced a seven-item Creole menu, which includes seafood gumbo, Bayou chicken, and shrimp Creole. Hoping to boost sales on the light side, T.G.I. Friday's rolled out a line of gourmet chicken sandwiches and nonalcohol drinks.

Fast food chains seem to be leading the pack with menu additions, as well as unit upgrades, in an attempt to bring more customers over to their side. Responding in part to pressure from the "gourmet burger" boom (Fuddrucker's, Flakey Jake's, Chili's, et al), several of the burger chains have launched their own, larger versions. Burger King has in-

Arby's new prototype in Louisville, Ky., offers a striking, more upscale design featuring a soothing color scheme, an airy windowed dining room, and park bench seating.



troduced a new Whopper, 0.6 oz. larger than the old one for the same price, with new cheese and a smaller, Kaiser-cut bun. Hardee's too has reformulated its burger, with a thicker patty positioned to resemble a backyard-barbecued burger. And McDonald's is testing—among other items—McDLT, a burger with lettuce and tomato on the side.

The pizza chains are also at the new product drawing board. One of the most interesting and potentially significant is segment leader Pizza Hut's new Priazzo, a two-crusted stuffed pie that is targeted at non-pizza users. West Coast-based Straw Hat has introduced a California-style pizza with vegetable toppings. Pan pizzas and individual pies, targeted at lunch business, remain important. The segment seems divided on the subject of delivery, an issue brought up by the sheer success of Domino's. Straw Hat has more than half a dozen "express" units in test which offer full delivery, and plans to expand the concept. According to Jeff Henley, who oversees Straw Hat for parent Saga, take-out/delivery sales have grown to 50 percent of the total. Pizza Inn, on the other hand, feels that the customer has to be charged more for delivery, and the higher cost is a negative deterrent.

On the chicken front, nugget-mania continues to spread, as Church's, KFC, Grandy's, Bojangles, Mrs. Winner's, and Popeyes have added their versions, usually positioned as a higher quality alternative to McDonald's McNuggets. Church's has also successfully introduced a catfish product, as have Sisters and Long John Silver's. With dinner sales on its mind, Mrs. Winner's is testing baked chicken dinners.

Unfortunately, some chains have

Chicago's Gino's East has taken its deep dish pizza concept west to Manhattan Beach, Cal., retaining its pub style and graffiti-splashed walls while adding more natural light and more attractive furnishings.

found that menu proliferation is *not* the route to success. Carl Karcher's Carl's Jr. gave up on its attempts to market dinner and is instead focusing on its original charbroiled hamburger. Even McDonald's, which probably tests more products than any other chain, has had mixed luck with new products, such as Chicken McSwiss (a chicken "cordon bleu" sandwich), the cheddar melt sandwich, and the Lite Mac (a lower calorie alternative to the Big Mac).

Breakfast has become a major thrust for nearly all of the fast food chains. Wendy's rolled out a made-to-order breakfast program this summer which includes omelets and breakfast sandwiches on choice of white or wheat toast. BK has rolled out its breakfast, which is based on the croissan'wich. Bojangles has biscuit sandwiches, and Roy Rogers continues to test a serve-yourself breakfast bar on weekends. Meanwhile, McDonald's—which virtually created the daypart for fast food—continues to sell an estimated two million breakfasts per day.

As the fast food segment pushes further and further away from its low-ambience, plastic beginnings, chains are remodeling and developing sleek new prototypes. Taco Bell is proceeding with a program to restyle and "mainstream" its units, expanding dining rooms and adding drive-thru windows. The chain also has introduced a chicken fiesta salad and a Mexican-style pizza. Jack in the Box has tested a new identity, Monterey Jack's, that it hopes will appeal more to young adults.

Among the most striking new designs in fast food is Arby's new experimental prototype, which opened last spring in Louisville. Although Arby's execs have made no determination as to either further expansion *or* modification of the prototype, the new unit is more upscale, featuring a soothing Post Modern rose, mauve, and burgundy color scheme, a dining patio with umbrella tables, and an airy windowed dining room with park-bench seating and high ceilings. Other innovations include an upgraded salad bar, a condiment bar, and an exhibition rotisserie for spit-roasted chicken, now in test.

Sizzler's new upgraded unit in Palm Desert, Cal., which offers table service and a revamped menu, features a tropical look with greenhouse seating, etched glass, beamed ceiling and bamboo fans.

Although the industry as a whole is vigorous, the field is crowded and competitive, and the past year has seen some casualties.

The unit is also a test site for the company's line of 6-oz. hamburgers.

But all is not mass market. Many entrepreneurs are finding success as regional favorites, or by specializing in something unique. For instance, there is Frankly Fries in the Washington, D.C., area, which serves only french fries cut fresh daily on site, all-beef hot dogs, baked potatoes, and beverages. With seven units in operation (and plans to open two more within weeks and another two by year-end), the six-year-old company recently completed a franchising package.

Nipper's is another highly specialized concept, serving champagne and caviar to a well-heeled clientele. There are currently two Nipper's, in Santa Barbara and Beverly Hills, but creators Horatio Lonsdale-Hands and Arthur von Wiesenberger have plans for openings in Chicago and Dallas in 1985, and London, New York, and Houston in 1986.

On a trend basis, healthy and light foods continue to hold interest, a phenomenon which does not necessarily guarantee the health of a "healthy" concept—as Fresher Cooker has proved. On the other hand, last spring Wendy's rolled its Light Menu (salad bar, baked potatoes, diet drinks, and a lower-calorie, higher-fiber multi-grain bun) systemwide to very favorable response. Friendly's launched its new light menu (seafood and tuna salad pita sandwiches and platters, croissant sandwiches, and a seafood platter) this summer with a 20-market ad campaign. Several of Rax' menu items have been endorsed by the American Heart Association. And D'Lites, despite some impatience on the part of Wall Street, has commitments signed for over 200 new units, and should begin flexing its muscles in earnest within the next two years. D'Lites currently has about 70 units open and touts a menu which consists largely of standard fast food offerings, reformulated and packaged to appeal to the health-conscious.

At the full service end of the scale, making a go of healthy food is a little more difficult, and most operators have found that they need to stay away from such designations as "vegetarian," "macrobiotic," and even "healthy." For instance, the $4 million-a-year Unicorn Village restaurant and retail complex in North Miami Beach is positioned as "wholesome and quality," selling fresh seafood, entree salads, vegetarian dishes, interesting pastas, free-range poultry, gourmet baked goods, and the like. Neither red meat nor alcohol is sold. According to owner Terry Dalton, such a menu is the ultimate "yuppie" diet, appealing to self-image as well as self-gratification.

The gourmet burger subsegment continues to see a great deal of activity. San Antonio-based Fud-

Separate Eating & Drinking Place Sales

1989: $161,793,000,000 +7.5% Compound Annual Sales Growth

	1983 Sales ($000,000)	1983 Units	1983 Purchases ($000,000)	1983 vs 1982 % Growth	1984 Sales ($000,000)	1984 Purchases ($000,000)	1984 vs 1983 % Growth	1989 Sales ($000,000)	1984-1989 % Compound Annual Growth	
									Nominal	Real
Separate Eating Places	95,173	254,252	33,117	9.9	104,418	36,328	9.7	153,202	8.0	3.3
Full Menu Restaurants & Lunch Rooms	50,514	123,657	17,890	8.8	55,094	19,512	9.1	78,350	7.3	2.7
Limited Menu Restaurants	39,453	113,110	13,414	11.7	43,674	14,849	10.7	66,780	9.0	4.2
Public Cafeterias	2,864	6,069	1,038	7.7	3,126	1,125	8.4	4,403	7.1	2.5
Social Caterers	1,148	3,570	422	7.5	1,241	456	8.1	1,791	7.6	3.0
Ice Cream, Frozen Custard Stands	1,174	7,846	353	9.5	1,283	386	9.3	1,878	7.9	3.3
Bars & Taverns	8,150	61,289	2,914	3.1	8,248	2,949	1.2	8,591	0.8	−3.5
Total	103,323	315,541	36,031	9.4	112,666	39,277	9.0	161,793	7.5	2.9

drucker's, with more than 70 restaurants in operation, has emerged as a segment leader along with Dallas-based Chili's, with about 50 units. California-based Victoria Station is continuing to convert underperforming boxcar restaurants to its self-service Bonkers gourmet burger concept, but the jury is still out on whether this strategy will turn the company around. To date, only six conversions have been completed.

Certainly, the segment became crowded quickly with players eager for a hot new growth vehicle, and there have been growing pains. T. Twiggs, Greyhound's single-unit foray into the gourmet burger market, is presently up for sale. Flakey Jake's scaled back on its 1985 expansion plans in order to realign management and refine the concept, broadening its menu and reducing prices on burgers in selected markets. However, according to president Bob Luckey, by year-end, there should be 21 company-owned restaurants and up to 40 franchised units, with more rapid expansion planned for 1986. The company has entered several new Midwestern markets and this year will also open in Philadelphia, Charlotte, Charleston, and Atlanta.

J.J. Muggs, a division of S&A Restaurant Corp. (parent of Steak & Ale and Bennigan's) has grown *more* rapidly than initially thought, but the chain has also repositioned into more of a casual cafe concept, featuring "American favorites" such as steaks, pasta, Mexican items, sandwiches, finger foods, and the like, in addition to hamburgers.

The '80s has become a decade of dining as theatre, and many restaurants provide front row seats. Especially in urban areas, restaurants providing splashy architecture—often including exhibition kitchens and luxurious materials—and trendy foods have been popular.

In Manhattan, people come from all parts of the city to the newly hot "Flatiron district" near Union Square to imbibe and graze at a restaurant called America, an airplane hangar-sized place with a bar raised on a dais and lit up like an altar. The 100-item menu features American food, serious and funky: fried catfish, Cajun "popcorn" (fried crawfish tails), Philly cheese steak sandwiches, pastas, alphabet vegetable soup, and tapioca pudding.

New product introductions have become important in an industry that is more trend-conscious than ever before.

In Philadelphia, owner Steve Poses has had interesting experiences with his newest restaurant, a witty, theatrical, "New Wave" bistro called City Bites. Now in its second year of operation, City Bites has also just completed a total menu revamp, to make it more focused and moderately priced. Explains Poses, who also owns The Commissary, Frog, and 16th Street Bar & Grill in Philly: "I wanted a fun, playful restaurant for socializing, like Friday's or Houlihan's, but with gourmet food too. Unfortunately, the original menu was too esoteric—customers didn't know what to make of it." Poses spent several months reevaluating, and ultimately made the menu more casual and less serious, replacing items like warm sweetbread salad with a more prosaic selection of baked brie and the like. Thematically, however, the restaurant remains "pop," with an electronic moving message board delivering one-liners about the state of the world, trompe l'oeil marble set against electric colors and angled black-and-white linoleum floors, and a dining area that fits a '50s diner inside a Greek temple structure. The design is by Edwin Bronstein Associates, a Philadelphia-based architectural firm.

Bistro menus like City Bites' are indeed a big trend. Like the brasseries and trattorias of Europe, these restaurants feature casual ambience and food for any time of day, from a light snack or dessert to a full meal. Grilled foods, pastas, composed salads, specialty desserts and wine-by-the-glass are the hallmarks of a successful bistro menu. Michael Foley, owner of the upscale Printer's Row restaurant in Chicago, opened a more casual, neighborhood-style restaurant called First Street in June. The 130-seat restaurant, located in a resurgent, gentrified area of the city once known as Old Town, features a freestyle menu of boutique pizzas, pastas, daily specials, interesting sandwiches and salads, and specialty desserts. A backroom wine bar with communal tables, like a bierstube, is the centerpiece of an eclectic decor which features elements old and new—a map of old Chicago juxtaposed against a fanciful mural of the Windy City in the 21st Century, hand-laid tile floors against holograms and laser lights.

In New York City, the Manhattan Brewery fulfills the same purpose in that city's life as a pub does in London. Decor centers on the enormous copper brewing vats where five specially formulated ales are produced. A menu of pub food—Scotch eggs, shepherd's pie, oysters and boiled shrimp, a ploughman's lunch (bread and cheese)—is offered.

Take-out and catering are clearly showing themselves to be a boon in today's competitive climate.

The American Cafe, with seven restaurants in the Washington, D.C., area, has developed several million dollars worth of additional business with its adjacent gourmet carry-out markets, and more recently with a full-service off-premise catering program. Morrison's has opened more than a dozen take-out shops, including a new free-standing one in its Mobile hometown. Vicorp is seriously considering launching catering from any number of its dinner house restaurants (which include Hungry Hunter, Carlos Murphy's, and Mountain Jack's) and has acquired the San Diego-based Piret's restaurant/gourmet take-out shop group, which had itself begun a catering service.—**Joan Lang**

The Hotel/Motel Market

The evolution of hotel foodservice continues as many properties aggressively court the local market.

The role of hotel foodservice continues to be redefined as chains and independents invest time and money into tailoring food and beverage outlets to fit local tastes. Although the in-house guest—once the mainstay of hotel foodservice—remains an important customer, hotel restaurants are aggressively courting the area resident.

The impact of custom-designed foodservice facilities is far reaching and the upscale frequent business and leisure traveler is reaping the benefits of this increased attention to food and beverage. Luxury chains (attracting the top seven percent or carriage trade) such as Four Seasons and Trusthouse Forte fine tune menus for greater flexibility. Deluxe and upscale companies including Omni/Dunfey Hotels, Vista International, Stouffer Hotels, and Radisson Hotels are strengthening and/or repositioning themselves in the marketplace with corporate strategies dependent upon "localized" restaurants. Mid-price hotels such as Marriott's Courtyard and Ramada Inn's new home-style concept continue to pare public areas, resulting in downscaled restaurants featuring limited but varied menus. And, Holiday Inns in its bid to streamline operations has decentralized its home office functions.

Aujourdhui is Four Seasons newest restaurant, located in the company's recently opened Boston property. "The restaurant's name means 'today,'" explains Alfons Konrad, vice president of food and beverage for the Toronto-based chain. "Our approach to foodservice is indicative of what our customer wants today: fresh, nutritionally balanced, well-presented and tasty food." And, according to Konrad, the 90-seat restaurant steps away from traditional French food in favor of today's French cuisine and includes nuances of Italian, American, Californian, and Cajun influences.

Not surprisingly, restaurants and bars in luxury properties keep abreast of trends in freestanding establishments. Hotel Plaza Athenee, a Trusthouse Forte property in New York City, caters to the healthy lifestyles of its heavily corporate customer base with the "Le Menu Minceur" offered in Le Regence restaurant. The lunch menu consists of three "light" selections totaling 500 calories for $22.50. At The Drake, a 640-room deluxe hotel in Manhattan's midtown (the first Swissotel property in the U.S.), business travelers, tourists and well-heeled locals enjoy champagne by the glass ranging from $6 to $20 in a newly renovated lobby.

Chancellor's, the upscale restaurant at The Vanderbilt Plaza Hotel in Nashville, TN, competes head on with restaurants in the local marketplace. According to William Shoaf, food and beverage manager for the 342-room hotel, numbers indicate that the 80-seat restaurant is fulfilling its promise—75 to 80 percent of its customers are local residents.

Shoaf defines the restaurant's menu as "Modern American Cuisine," a description which indicates that the menu uses fresh American products rather than showcasing the cooking styles of a particular region.

Omni/Dunfey Hotels are competing for a prized share of the lodging market—the upscale business and leisure traveler. Innovative food and beverage facilities serve a dual purpose. For the company, foodservice operations act as separate profit centers; for the customer, restaurants reflect community tastes. "The hotel guest is no longer our only reason for existence," explains Walter Staib, vice president of food and beverage for the New Hampshire-based chain. "Our food and beverage outlets are geared to be profitable and as a result we cannot be tied to occupancies. We avoid cookie cutter concepts and prefer 'market driven' restaurants patronized by locals."

To this end, Staib and his team spend 18 months to two years prior to opening in developing a facility geared to each market. Emphasis is placed on geographical and demographic data as well as local food trends. For example, at the recently opened Omni International Hotel at St. Louis Union Station (a cooperative venture of The Rouse Company; Oppenheimer Properties, Inc., and Omni International Hotels) foods of

Chancellor's, the upscale restaurant at the Vanderbilt Plaza Hotel in Nashville, Tenn., competes head on with local establishments serving American style foods with emphasis on lighter, healthier dishes.

the American heartland are appropriately showcased at The American Rotisserie restaurant.

With so many chains jockeying for the lead position in the upscale business traveler market there is bound to be a shake-out. However, Staib makes an interesting observation: "Saturation is a point well taken when it comes to rooms. While a city may not be able to support the addition of 300 rooms, there *is* a market for a new restaurant."

Indeed, Fred Rufe, director of food and beverage, planning and development for Hilton International, echoes Staib's sentiments using the Vista Hotel in Oklahoma City as an example. "The restaurant is successful in spite of the depressed economy in Oklahoma City due to the oil glut. The property opened at Christmas '84 and while occupancy is soft, business at The Waterford restaurant is strong."

Activity among Midwest-based chains is frenetic. Ohio-based Stouffer Hotels is geared up for an ambitious expansion program. (See *Restaurant Business*, July 20, 1985.) Contemporary foodservice facilities play an important role in the company's strategy to reposition the chain in the top tier of the hospitality industry. According to Giulio Comacchio, director of food and beverage, Stouffer property's are upgrading older restaurants and developing new concepts.

By March 1987, Minneapolis-based Radisson Hotels will add 15 new properties to its existing base of 49 hotels (33 of which are managed and 16 franchised). This represents 36 new restaurants and bars. According to Don Clawson, vice president of food and beverage for the chain, in 1985 Radissson will spend $9 million on a national awareness advertising campaign targeting the 25 to 55 year old up-and-coming middle manager as well as the top management traveler as its customer base. In order to accomplish this, Radisson features a "collection" concept of five different types of properties: Plaza (top-of-the-line); Suite (deluxe standards); Hotels (geared for conventions); Inns (smaller hotels on the fringe of major markets); and Resorts.

"We believe that the restaurants are our window to the community," he insists. As an example of corporate strategy in action, Clawson uses Thorndike's, the 42-seat "image" restaurant in the recently opened Radisson Plaza Hotel Orlando which features the best of Florida's east/west coast seafood.

There has been much speculation regarding Marriott's wooing of Howard Johnson's whose performance has underwhelmed parent company the Imperial Group.

Discussions regarding the company's fate are currently being held. The three participants (Marriott, the Imperial Group, and New Jersey-based Prime Motor Inns) are tight-lipped about specifics but it is generally conceded that Marriott is more interested in acquiring the restaurants (for the possible expansion of Big Boy) while Prime, known for its successful management of highway properties, is interested in the hotel operations. Imperial, interested in selling the division as a whole, reportedly places the market value for Howard Johnson's at $400 million.

Ramada has shunned its low-profile strategy of late with the introduction of its " new" look which is competitive with Marriott's Courtyard concept. According to the company, the new Inn concept is not intended to replace the traditional Ramada Inn but is designed to complement Ramada's three tier strategy of Inns, Hotels, and Renaissance properties. Designed to strengthen the chain's position in the mid-priced market, the smaller properties (on average 143-rooms and suites) feature residential-style architecture and downsized public space. Restaurants/cafes will provide limited menus in an intimate atmosphere (40-seats) while lounges will adopt a living-room setting.

According to Robert Lansdell, vice president of food and beverage, the scaled down Ramada Inn restaurants eschew the cookie cutter approach of the past. "Today, we are moving away from the Summer-

[illegible] | [illegible]

1989: $14,617,000,000 +7.5% Compound Annual Sales Growth

Hotel/Motel Market: Foodservice Sales

	1983 Sales ($000,000)	1983 Units	1983 Purchases ($000,000)	1983 vs 1982 % Growth	1984 Sales ($000,000)	1984 Purchases ($000,000)	1984 vs 1983 % Growth	1989 Sales ($000,000)	1984-1989 % Compound Annual Growth	
									Nominal	Real
Hotels	6,450	13,906	2,070	8.5	7,024	2,254	8.9	***	***	***
Motor Hotels	1,119	2,435	361	8.4	1,214	392	8.5	***	***	***
Motels	1,791	13,378	592	8.2	1,941	642	8.4	***	***	***
Total	9,360	29,719	3,023	8.4	10,179	3,288	8.8	14,617	7.5	2.9

fields concept and tailoring menus to each market."

Lodging giant Holiday Inns is moving away from the "chain" concept which made the Memphis-based company a hospitality pioneer.

"For years, operators have argued that they are closer to the consumer on a property to property basis," begins Tim Craig, director of foodservice systems. "We agree that the on-site management has a more in-depth knowledge of the area than the central staff and can therefore react faster to trends. As a result, future foodservice concepts will be decided by the properties' management."—**Denise M. Brennan**

At Radisson's Orlando property, Thorndike's, featuring Florida seafood, is an example of the chain's corporate f&b strategy—a flexible restaurant reflecting local tastes.

The Retail Market

Operators of retail foodservice outlets are becoming like the commercial segment—more market-driven and energized.

In the past several years, the retail sector as a whole has been swinging away from the outdated attitude that foodservice is no more than a necessary evil. As a result, restaurants and snack bars in department stores, supermarkets, convenience stores and other retail outlets have become energized by the same feeling of excitement that is sweeping the commercial foodservice sector, becoming more market-driven and marketing-oriented.

Within the department store category—the largest single subsegment with 1984 sales of $986 million—the move is away from the listless tearoom atmospheres and gelatin molds of the past, and towards a collection of pleasing food outlets designed to appeal to shoppers and, hopefully, nonshoppers alike. At the same time, concepts are also being developed with an eye towards supporting the image of the store itself, and profitability is becoming an increasingly important factor.

"We want our restaurants to be more than just fuel stops," says Bob Jones, vice president of foodservice for Neiman-Marcus, the 24-store specialty division of Carter Hawley Hale. "Foodservice has to echo the store environment." Accordingly, N-M's various foodservice concepts cater not only to the stores' affluent target customer, but to the regional preferences of customers.

Moreover, the company is making a concerted effort to enhance profitability by utilizing "down time" (9-11:30 a.m. and 2:30-5 p.m.) to its best advantage. Jones hopes that all N-M stores will eventually provide comprehensive party-planning services and take-out foods for busy two-worker households. Many N-M stores already have Epicurean departments selling gourmet packaged goods, prepared foods, baked goods, and the like. Several N-M restaurants also offer in-house catering for meetings and social events.

There are two advantages to offering such services, says Jones. "There's an opportunity for piggyback sales within the stores. And, I'm better able to justify labor costs, which are the big problem in retail foodservice." Other "add-on" sales builders that have been tested or developed are delivered gourmet hospital trays, executive lunch trays, and take-out picnic baskets.

Alan Reyburn, vice president of restaurant development for Bloomingdale's, believes that "for a restaurant to deserve that name it must offer a certain level of amenities—a varied menu, reasonable prices, gracious service." It is no different for the restaurant in a retail setting, he asserts, backed by the commitment of parent company Federated Department Stores.

Bloomingdale's newest restaurant, the Showtime Cafe in the company's flagship Manhattan store, offers nostalgic art deco decor, creative menus that change daily, all-day dining, wine and beer, and live music or entertainment on late nights, all within a convenient self-service atmosphere. The cafe, in fact, is only one of two such self-service facilities among 40 foodservice outlets chainwide, and because it replaced a traditional full service coffeeshop, it is being watched carefully. Though it has turned off a few old guard customers, however, Reyburn reveals that it instead appeals to a much wider audience.

Last August, Bloomingdale's opened a store in The Falls shopping mall in South Miami (its first location in Florida), a spectacular open mall with a network of lily ponds and natural wood-shingled buildings. There are two restaurant concepts in the store, sharing a common entryway: Express for Fastlane Foods (a 75-seat self-service salad and sandwich bar) and the Sunbeam Grille (a 35-seat, tablecloth restaurant). The Sunbeam, which looks out over the lily ponds, features a sophisticated menu, tableside preparation of certain menu items, and a small fine wine list. According to Reyburn, the Sunbeam does what he wishes all retail foodservice could—it attracts people who are not otherwise in the store shopping.

Within the convenience store subsegment, operators continued to look for new products and services to attract customers and offset increased operating costs. Many convenience store chains upped the ante on fast food programs. In 1984, according to the National Association of Convenience Stores, 95 percent of all stores had microwave equipment—virtually the sole form of cooking in the subsegment—compared with 88 percent in 1983. Eighty-four percent offered fountain drinks in 1984, compared with 66

Convenience stores and supermarkets are upping the ante in their ploy to attract a bigger share of the fast food market.

percent the previous year. Meanwhile, the incidence of non-fast food foodservice dropped among the 20,000-odd stores surveyed; prepared foods dropped to 42 percent from 63 percent, and service deli operations to 22 percent from 35 percent. Fresh and frozen sandwiches and other fast food items are where the growth occurred.

The fast food niche is definitely where the action—and the profits—is. According to Stephen E. Schwitalla, vice president of foodservice for the 3,150-unit Circle K convenience store chain, fast food has grown to 9.1 percent of in-store sales for the year ended April 30, 1985, up from 5.6 percent three years ago. The reason: an overall dedicated effort to position Circle K foodservice directly against traditional fast food. The company now serves its 24-item Deli Fresh line of branded, proprietary sandwiches in all of its stores, augmented by the 12-item line of burritos. In addition, a light line of Deli Fresh sandwiches, all under 300 calories, was recently introduced.

According to Schwitalla, Circle K allocates an astonishing 70 percent of its total corporate ad budget to foodservice, in an industry that traditionally spends the bulk of its budget on cigarets, beer and other "convenience" items.

Coupled with the company's commitment to aggressively targeting growth markets, such as working women, with menu expansion and regional menu options, and the selective addition of seating areas in stores with proximity to volume foot-traffic, fast food is expected to net more than 15 percent of in-store sales by 1990, says Schwitalla.

Southland Corp., the segment leader with more than 7,400 7-Eleven stores, is also into foodservice in a big way. As of year-end 1984, approximately 1,500 units featured freshly prepared deli sandwiches, hot dogs, and baked goods. Newer stores in some markets incorporate the J.T.'s Bakery and Sandwich Shoppe concept, with full-color menu boards, expanded self-serve beverage bars, stand-up tables, and display cases for sandwiches, etc.

Fast food, according to the company, is part of a program to attract new patrons from the 20 percent of the population that rarely uses con-

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At Bloomingdale's South Miami store, one of two foodservice facilities—Express for Fastlane Foods—is a self-service salad and sandwich bar with 75 seats.

venience stores. Plants in Salt Lake City and St. Louis produce sandwiches, burritos, and other food items. New products include a line of croissant sandwiches and French bread pizzas.

Supermarkets, too, are vying for dollars that might otherwise be spent on fast food, not so much by opening separate restaurants—an arena fraught with operating problems—but offering prepared foods for consumption off-premise. According to *Progressive Grocer* magazine, only eight percent of total supermarkets had a sit-down restaurant in 1984, but 60 percent had carry-out service, 39 percent offered hot take-out foods, 33 percent featured on-premise bake-off bakeries and 16 percent had scratch bakeries, 32 percent offered store-made pizza, and nine percent had salad bars. *Grocers' Spotlight* reported that the message at the Food Marketing Institute's 1985 convention was that "in-store foodservice, including service delis and bakeries and foods to go, has matured and is now attacking the fast food industry" for convenience-seeking customers' food dollars.

Many Food Emporium stores in the Northeast feature salad bars, ready-to-cook items such as stuffed raw shrimp and sole, gourmet salads, and other prepared items.

Larry's Brown Deer Market, an independent specialty food store in Milwaukee, features a "gourmet-to-go" deli with daily entrees, fresh salads, and homemade baked goods, and supplies complete multi-course dinners for holidays and special occasions, plus full service catering.

Mixed-use retail complexes are also experiencing growth, as developers seek to foster and exploit the potential of once down-and-out urban areas. The granddaddy of the specialty shopping/entertainment concept, The Rouse Company, continues to sail new waters. The Maryland-based company opened its doors late last fall in Denver at the $330 million mixed-use Tabor Center, which contains a Westin Hotel, two office towers, and about 120,000 sq. ft. of retail and restaurant space. This summer saw the completion of the St. Louis Union Station renovation, a $135 million project with an Omni hotel, railroad exhibits, and retail/restaurant areas. Scheduled to open this month (September) is the second phase of South Street Seaport in Manhattan, with seven restaurants, a 24-hour diner, and a bounty of snack carts and kiosks. A number of projects are slated for the next several years, including specialty malls in New Orleans, Portland, Oregon, Seattle, and San Francisco.

Says Scott Ditch of Rouse: "The concept of dining and shopping in the same location is just in its infancy. The food court is something that we'll see more and more of, especially as operators begin to see the potential for developing foodservice outlets that can stay open beyond shopping hours."

The Levy Organization in Chicago has obviously seen the potential of such mixed-use developments: In April, the company opened a food court called The Great State Fare in conjunction with the new Atrium Mall in the spectacular Helmut Jahn-designed State of Illinois Center. Thirty percent of the total square footage of the specialty retail and service mall is devoted to foodservice, inluding the great State Fare's 14 serving areas: Gourmet Burgers, Big B-B-Q, Stuffed Potatoes, Ole! Mexico, The Salad Bar, and Chicago Pizza are representative of the concepts. More than 5,000 people per day are being served, and Levy projects first-year sales of $5 million.—**Joan Lang**

Retail Market: Foodservice Sales

1983: $4,085,000,000 + 9.8% Sales Growth

1984: $4,549,000,000 + 11.4% Sales Growth

1989: $8,005,000,000 + 12.0% Compound Annual Sales Growth

	1983 Sales ($000,000)	1983 Units	1983 Purchases ($000,000)	1983 vs 1982 % Growth	1984 Sales ($000,000)	1984 Purchases ($000,000)	1984 vs 1983 % Growth	1989 Sales ($000,000)	1984-1989 % Compound Annual Growth	
									Nominal	Real
Department Stores	986	5,202	360	6.7	1,074	392	8.9	1,505	7.0	2.4
Variety & General	313	6,755	112	3.0	328	117	4.8	429	5.5	1.0
Drug & Proprietary	370	6,128	133	3.4	389	140	5.2	412	1.2	−3.2
Convenience Food Stores	778	18,000	267	19.9	997	342	28.2	3,055	25.1	19.7
Other Specialized Retail Stores 1	1,638	20,807	556	10.2	1,761	598	7.5	2,604	8.1	3.5
Total	4,085	56,892	1,428	9.8	4,549	1,589	11.4	8,005	12.0	7.2

1. Other specialized retail stores include: Food stores including grocery stores (excluding food convenience stores), gasoline service stations and miscellaneous retailers (liquor, cigar, etc.).

The Business/Industrial Market

Confident of the need to improve employee dining, B&I operators are stressing service, marketing and merchandising.

Foodservice operators in the Business/Industry (B&I) sector are refining their operations, level of service, marketing and merchandising techniques in an effort to be more like—and more competitive with—their commercial counterparts. As a result of their more aggressive approach to promoting foodservice at the workplace, many B&I operators agree that participation among their clients' employees improved in 1984.

"Our job has changed," says Joe Kingrey, president of ARA Services Inc.'s Business Dining Services division, of his company's bolstered efforts at marketing and merchandising. "There was a time when our attitude was to 'serve' food. Now our job is to 'sell' it."

ARA isn't alone in espousing that philosophy. The great majority of contract caterers and in-house foodservice directors have targeted better participation and sales. In order to do so, B&I accounts have taken on a new air of confidence in both their food and decor packages.

This confidence does not only reach into the white collar market, where much of B&I's growth now occurs, either. Operators in heavy industry plants are undergoing a metamorphosis as well.

"We're seeing a lot of upgrading in the cafeteria environment," says Harris "Bud" Rusitzky, founder and president of Serv-Rite Food Service Corp. "Clients are telling us that they want the place to look totally different than the workplace. They want their place to look more like a restaurant."

Rusitzky says that his blue collar clients are also willing to undergo the expense of a remodeling in many cases. "At General Motors, they're gutting out the whole cafeteria and kitchen area," Rusitzky explains. The Serv-Rite founder says some of his accounts are opting for trendy decor packages with plants, brass railings, and booth seating.

Also proving the point that B&I foodservice is changing, Rusitzky says Serv-Rite is experimenting with mesquite-grilled items this year as well as Cajun specials.

Larry Appleton, foodservice manager for Martin Marietta Aerospace, Orlando, says that B&I foodservice must move away from the traditional straight line cafeteria concept.

"The more variety of items we offer, the better participation we have," says Appleton. The foodservice director says the company's cafeterias offer a minimum of 133 food items per day, including a gourmet burger bar, Mexican bar, ethnic bar, and a variety of others. "The Alternative" is the company's healthy food offering, and according to Ap-

ITALIAN
Food Festival

Canteen has found that its by-the-ounce program is not only popular among its clients, but is also—because it is self-service—a method that keeps labor costs low.

Business and Industry: Foodservice Sales

1989: $12,047,000,000 +6.1% Compound Annual Sales Growth

	1983 Sales ($000,000)	1983 Units	1983 Purchases ($000,000)	1983 vs 1982 % Growth	1984 Sales ($000,000)	1984 Purchases ($000,000)	1984 vs 1983 % Growth	1989 Sales ($000,000)	1984-1989 % Compound Annual Growth	
									Nominal	Real
Contract Feeding in Plants[1] *(Cafeteria primarily)*	2,394	N/A	1,077	6.0	2,574	1,158	7.5	3,503	6.4	1.8
Contract Feeding in Business Offices	763	N/A	343	7.5	825	371	8.1	1,174	7.3	2.7
Internal Feeding—Plants & Business	1,505	3,762	700	3.2	1,609	748	6.9	1,914	3.5	−0.9
Waterborne Employees	262	4,708	157	−4.7	272	163	3.8	333	4.1	0.6
Mobile On-Street Catering	537	N/A	177	7.4	577	190	7.4	829	7.5	2.9
Food Vending Machines *(excluding packaged soft drinks and candy)*[2]	2,860	3,267	915	7.0	3,094	990	8.2	4,294	6.8	2.2
U.S. Defense Personnel	N/A	N/A	1,813	N/A	N/A	1,909	N/A	***	***	***
Food Furnished Foodservice Employees	N/A	N/A	3,776	N/A	N/A	4,050	N/A	***	***	***
Total	8,321	11,737	8,958	5.6	8,951	9,579	7.6	12,047	6.1	1.6

pleton, participation is good.

The Alternative is an extensive program, separate from other service lines and complete with its own cook. Ingredient cards and nutritional information cards are available to employees, who dine on the likes of tabuli and bulgar wheat sandwiches on a whole wheat pita; special salads; whole wheat pizza; baked skinless chicken; and Swiss Alpine apple cabbage soup. Literature on health and fitness is available at cash registers, and 10 scales are positioned outside the cafeteria for weight check-ups.

Choice being such an important element in today's B&I sector, ARA Services has settled on the appropriate name for its B&I program. Called "Choices," ARA's program features a modular menu system with a variety of modules available. "Fresh Start," for instance, is a breakfast module, offering complete breakfasts, and special breakfasts with regional themes—"Alaska Daybreak," which includes salmon cakes, or "Texas Wakeup," which combines elements of Spanish and cowboy-inspired breakfast foods.

Each module is a complete merchandising program," says ARA's Kingrey. "For each module we have separate work manuals, point of sales material, posters, table tents and the like. We've increased sales 25 to 30 percent with the module program, so we're very pleased with it." Other modules include "Kettle Classics," a soup and salad bar; "Salad Garden," with a choice of 12; "Sizzles," for grilled and fried items; "Upper Cuts," for roasted meats; "Deli Corner," and many others.

Kingrey points to the effectiveness of marketing and merchandising as key to successful business and industry operations.

"Merchandising is the name of the game," Kingrey explains. "But you can't just merchandise a poor operation. First, it's necessary to develop a program that will work. That takes a lot of effort but the benefits are really showing up."

ARA, says Kingrey, will increase manual foodservice sales volumes by $30 million this year in B&I.

Hal Ritchie, vice president, director of foodservice for Canteen Corp., says the company will continue stressing low labor cost methods for its B&I accounts. That means emphasis on a by-the-ounce program and Gulliver's deli, both self-service concepts.

Though the company has maintained these concepts the past few years, Ritchie says that Canteen's clients are looking for something more. "This is an area of foodservice where clients can get tired of a concept rather quickly," he points out. "The industry is seeking change. Clients are looking to get a bigger bang for their buck."

Ritchie says he is uncertain of spe-

Many B&I foodservice operators are changing with the commercial segment offering greater variety, upgraded environments, and stronger merchandising.

cific changes Canteen will make in its programs, but does indicate that some are on the drawing board. The company will continue seeking out new white collar accounts, and will hopefully expand Gulliver's—a self-service office building foodservice concept—to 60 units by year-end.

Another contract foodservice concern that will aggressively target the white collar market is Greyhound Food Management. According to chief executive officer Joe Fassler, GFM will seek an acquisition in the white collar market to move more quickly into the market. GFM's customer mix is currently at 70 percent blue collar accounts, 30 percent white collar, schools and colleges. GFM has 90 percent of General Motors' accounts.

According to Fassler, the company will keep its white collar work force separate from the majority of its workers. "We can't allow the blue collar mentality to work on the white collar accounts," he maintains. "We're hiring new people for these accounts, and we'll continue to do so. We're trying to get rid of our image as 'the great blue collar feeder,' he points out."

Fassler says that GFM's sales in 1984 were about $320 million; 1985 sales will be about $350 million.

Interstate United president, Richard Stein, agrees that B&I concerns must diversify their mix to stress white collar accounts.

In order to accommodate that market, Interstate has come up with the "Interstate Express." A modular food concept, the Express can be used in any size facility and can be expanded as needed.

"It's important to be equipped for any kind of cafeteria," says Stein. "Many new facilities can't support massive cafeterias like they used to. The Express is a way for us to fit into many environments."

Stein says that to entice the white collar customer, Interstate has offered the likes of Cajun food and even sushi on occasion. "You can't do that type of thing everywhere, but on the Coasts it can be very successful. Now, we're experimenting with these things in Washington, D.C., and Chicago."

Howard Carlson, senior vice president of Ogden Food Service, says his company remains a white collar concern. He, too, speaks of marketing and merchandising as key elements of B&I foodservice. He says Ogden spends a lot of time developing promotions on a weekly basis. Oftentimes, he ponts out, the promotion will be tied into a product that is new and interesting.

Reflecting on the industry as a whole, Carlson says, "The types of accounts and the ways they're structured is very important today. In general, B&I lends itself best to management fee contracts. I think in the long term, the days of P&L (profit and loss) for B&I is fading."

Jack Galione, president of Corporate Food Services, and a major independent presence in New York, says he sees opportunities in multi-tenant buildings for white collar operators. CFS entered into such an arrangement this year, servicing a suburban office complex with a variety of foods in a food court configuration. Similar locations provide opportunity to B&I operators.

One operator, Dining and Kitchen Administration (DAKA), says it will move ahead with a fast food concept designed for employee cafeterias of both white and blue collar companies. Saying that most cafeterias compete with fast food units, DAKA president Terry Vince believes, "The company's J.P. Swift concept makes employees who are accustomed to fast food feel comfortable staying on the premises."

J.T. Swift, offering everything from breakfast to quarter-pound burgers, chicken sandwiches and nuggets, is a uniform concept from food to packaging, and can be adapted to fit many cafeteria locations.

—Ralph Raffio

UPPER CUTS
ARA Services

Marketing and merchandising special programs, or modules, such as Upper Cuts, Salad Garden, Fresh Starts, Deli Corner, Sizzles, ARA has been able to diversify, increase sales, and maintain interest among employees.

Salad Garden
ARA Services

ARA Services
FRESH STARTS

The Health Care Market

Changes in health care nationwide are forcing foodservice managers to reshape their ideas regarding food which has resulted in a shift from traditional cafeteria service to more innovative profit makers including take-out, catering, and fast food.

Declining government subsidies, an aging population, and continued interest in good health through preventive medicine are key reasons for negative sales growth of percent in the health care segment. As these factors gradually change the profile of health care in the U.S., they also help to reshape its foodservice sector which must shift over from traditional business categories to others that are more responsive to the changing climate.

As producing revenue has become critical to health care institutions—the result of government cost-cutting on reimbursements for Medicare and Medicaid patients' treatment—hospital administrators must find ways of being cost efficient. Foodservice operators, both in-house and contract are, therefore, forced to be more creative in order to bolster sales while continuing to cut overall costs. In other words, to make up for lost revenues from government payments for patient care, health care institutions are looking to other areas to make up the difference, and foodservice is one of them.

In order to generate added revenue, lackluster menus and cafeterias are gradually being altered to more closely resemble commercial food establishments and consumer trends. Catering and take-out is gaining in overall mix, and off-the-street traffic is a big hope. Last month, in fact, McDonald's Corp. opened its fourth hospital unit, at Bethesda Naval Hospital, in Maryland. McDonald's has other hospital units in Philadelphia, Florida, and Phoenix. The Phoenix unit is franchised, and is located on the second floor of the hospital. Company spokesman, Bob Keyser, says, "The units are doing well. We consider hospital locations to be a growing market for us."

Those within the health care foodservice sector view the McDonald's move as part of the process.

"We're seeing a much more aggressive approach to hospital foodservice," says Bob Underwood, of the Maine Medical Center, in Portland. "Fast food's influence is definitely there."

Maine Medical Center has just completed a $700,000 renovation of its cafeteria in order to be more competitive with off-premise foodservice operations. Service area was doubled, a "mini-mart" food court-style area with a variety of different food concepts was also added. Seating areas, points out Underwood, were made to create a more upscale atmosphere. Carpeting was used throughout the seating area, as were oak chairs, new lighting, and other elements.

Underwood, and others interviewed in the segment, believe that health care institutions are more eager to invest in such projects because a better return is anticipated.

"Hospitals are much more aggressive about marketing their services today," says John Metz, president of Custom Management Corp. "Foodservice is an amenity they can promote as part of their total service package. It's a competitive market and every edge can make a difference."

But creative menu merchandising and upgraded decor packages are only some of the ways health care foodservice professionals generate greater revenues. Many operators

In order to generate added revenue, lackluster menus and cafeterias are being altered to resemble commercial establishments.

are diversifying in such a way as to become more broadly defined than just as foodservice managers. Others, though doing similar things, also look to new areas of health care for growth providing dietary services or nutritional expertise at non-hospital locations. Health Maintenance Organizations (HMOs) are gaining in force as preventive medicine centers and all types of services are needed by them.

One area for growth—precipitated by a population growing older—is retirement centers and nursing homes, better known within the industry as "continuing care" facilities. This is a market widely pursued.

ARA Services Inc.'s Health Care Nutritional Services division—renamed to broaden its appeal to more than just hospital foodservice—has established a geriatric business "unit" with the express purpose of securing geriatric accounts. Short of a full division, the unit is now concentrating on the eastern U.S., where a building boom of geriatric facilities is evident.

"We're using this unit to focus on the upscale sector of geriatric care," says John Gamble, vice president-marketing for ARA's Health Care Nutritional Services division. "Very important to this is that we're targeting the 'private pay' people rather than those who are on a fixed program with Medicare or Medicaid."

ARA's decision to go with private pay accounts is an understandable strategic move in the current health care environment and is not unique. As a company, ARA, or any other concern targeting private pay patients, can itself decide what level of service it will offer to geriatric patients. It can do so because its customers are not restricted by Medicare or Medicaid payments. In ARA's case, private pay is even more crucial because the company itself owns many nursing homes.

A pilot program in New York, however, will attempt to open up the nursing home market to Medicare and Medicaid patients. If the program, which requires nursing homes to accept a determined percentage of nonprivate pay patients, is adopted nationally, the result will be much like the Diagnosis Related Group (DRG) program which paved the way for government belt-tightening in hospitals three years ago.

"The New York program would affect us like the DRGs," says Dave Witten, director of health care sales for Canteen Corp. "With cost efficiencies growing in importance, as they would with Medicaid and Medicare patients moving in, the need for skilled marketing and management companies like ourselves becomes greater."

Saga Corp.'s vice president-sales and marketing/health care division, Tony Alibrio, is not concerned that the New York program will spread to other areas, but does say the advent of DRGs has benefitted Saga.

"More hospitals are looking to have contractors to come in as a result of the DRGs," says Alibrio. He adds that Saga's account base increased by 22 percent in the last 12 months. And, though the majority of new business is in large hospital accounts, several have been in the continuing care sector.

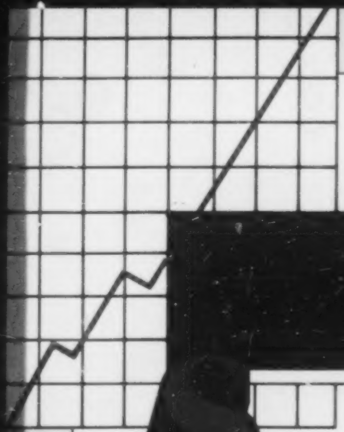
—Ralph Raffio

Health Care Market: Foodservice Sales

1989: $14,016,000,000 +4.0% Compound Annual Sales Growth

	1983 Sales ($000,000)	1983 Units	1983 Purchases ($000,000)	1983 vs 1982 % Growth	1984 Sales ($000,000)	1984 vs 1983 % Growth	1984 Purchases ($000,000)	1989 Sales ($000,000)	1984-1989 % Compound Annual Growth	
									Nominal	Real
Hospital—Internal	7,375	6,828	3,328	−3.5	7,397	3,338	0.3	8,112	1.9	−2.5
Hospital/Nursing Home—Contract	1,034	[1]	413	4.5	1,118	446	8.1	1,759	9.5	4.8
Other Institutions—Internal *(For specialized care including nursing and old age homes, orphanages, etc.)*	2,794	25,130	1,716	3.3	2,987	1,834	6.9	4,145	6.8	2.2
Total	11,203	31,958	5,457	1.2	11,502	5,618	2.7	14,016	4.0	0.4

1. Contract units are included in the totals for hospital-internal and other institutions.



The Student Market

Students are "grazing," and their demanding demeanor necessitates food comparable to off-campus facilities.

The warning that college enrollment will soon be down is still just a warning. In five years the prediction will likely come true, but because a higher percentage of high school grads are moving on for higher education and because older students are returning to the classroom, enrollment is temporarily up.

This fall, 12.2 million full- and part-time students will be studying in institutions of higher learning. That's 150,000 more people than colleges had to feed only five years ago, and it's 150,000 more than they'll have to feed in 1990, according to estimates from the National Center for Educational Statistics.

The trend is just the reverse in elementary and secondary schools. Enrollment at these levels has dropped from 46.3 million in fall 1980 to 44.7 million this fall, although this year's figure is a slight rise from 1984's enrollment. The upward swing will continue at least through 1990, as baby boomers have a boomlet of their own, boosting the elementary and secondary school count back up to 45.7 million. By the early 1990s, the NCES projects, school enrollment will surpass that of 1980.

College feeders have found that not only are the nontraditional students more particular about what they eat, but college students of all ages have grown a little more sophisticated in their tastes. Meatloaf with mashed potatoes and canned green beans will no longer do. Students want finger foods, salad bars, pizza, and freshly baked goods. But that's not all they want. They want these options at any eating facility on campus, not just in their dorm's cafeteria, and they want to eat whenever they feel hungry, not just at structured meal times.

Sounds like the "grazing" trend consumers have turned to all over the country. The solution, colleges find, is to compete with the restaurants that meet students' needs.

"It used to be that even community colleges had to offer a complete well-balanced meal. We've convinced administration that serving it to commuting students isn't necessary, that we're better off selling the same foods available off-campus at national chains but for a better price," says Harris "Bud" Rusitzsky, president of Rochester, NY-based Serv-Rite Corp. "We've got kids spending more money now that we sell trendy foods such as chicken wings, pizza, croissants, brioches, and fast food style burgers."

"Price is key," warns Kenneth R. Davidson, vice president—director of food services for Chicago-based Canteen Corp. "Students are watching their dollars. We find that more students are using campus facilities because the cost of eating off-campus is prohibitive and they can get the same foods on-campus."

Looking to increase its business with commuting students and simultaneously stimulate interest from board students, ARA Services has imitated retail and B&I foodservice by introducing a food court concept for student unions. Anywhere from one to 10 concepts can be installed on a given campus, so although the concepts work well together each was designed to stand on its own as well. Concepts include Itza Pizza, El Pollo Grande, Gretel's (a bakery), Sizzles (an upscale grill), Salad Garden, and Bagel Wagon, which along with a hot dog cart called La Carte, takes another form elsewhere on campus. ARA had the carts built last year, furnished them with promotional packages, and began using them as auxiliary foodservice locations. Both carts feature name brand foods and they bring in from $400 to $700 a day in sales.

Realizing the need to increase profits, college foodservice operators are stepping up their catering services. Through catering, they can capitalize on the equipment, labor, and purchasing power they already have. "Catering is such an important part of what we do that we've recently put together an entire training program for managers on how to market catering," says Carl Del Villaggio, vice president—sales and marketing for Saga's educational foodservice division. The educational package is one of 10 the Menlo Park, CA-based contract caterer offers to college foodservice.

Campus bars/taverns are the most sensitive issues for college feeders today. As more states raise their drinking age (to as high as 21), colleges are looking to alternatives to the Rathskeller-type concept.

Custom Management dealt with the problem at one of its accounts by making its Rathskeller a daytime meeting place for graduate and commuting students. By having sand-

In response to the problem of drunk driving and higher drinking ages in many states, colleges are developing alternatives to the Rathskeller pub style concept.

wiches and hot entrees accompany wine and beer on the menu, the caterer developed a "watering hole" into a sophisticated snack bar.

Foodservice operators in elementary and secondary schools are facing a major political issue: the government is proposing to cut its 12 cent per student per day meal subsidy. Convinced the subsidy is an unnecessary gift to children of acceptable financial means, the government sees its elimination as a way to reduce the federal deficit. School foodservice operators see otherwise. Students of families near or below the poverty level receive free or reduced lunches and that will continue regardless.

"To compensate we would have to price ourselves out of business," claims Nancye Perry, president of the American School Food Service Association and manager of food services and nutrition education for the Hartford, Connecticut, public schools. She insists that even a compromise under consideration—to reduce the subsidy to five cents—would be detrimental. Perry points out that when in 1981 the government decreased funding for student lunches prices went up and the schools lost 3 million children a day to other options (brown bag lunch).

The last few years "Offer vs. Serve," whereby schools get subsidized if a student chooses three of five food categories, has reduced waste and increased interest in high schools; to a limited degree it has worked in elementary schools.

The problem with increased prices, especially at the secondary levels, is that students will choose to eat off schools grounds if they can get the same meal for the same price. The solution for many has been to offer a competitive selection of foods and to merchandise them. "Potato bars, ice cream bars, and contests for a free lunch are some of the ways I've maintained student interest," says Clythera Horning, foodservice director of Clearfield, Pa., schools.

Jack Koser, foodservice director of the Lower Merion School District in Amore, Pa., an affluent area, has taken variety to its limit. High school students have the choices of standard entrees plus salad bar, fast food, grilled cheese, steak sandwiches, hoagies, pizza, chicken nuggets, quiche, stuffed potatoes, burritos and croissant sandwiches. Pencils and erasers, and scratch card games are some of the marketing tools he uses.

In order to cut costs, more school districts are bringing in the services of contract caterers who have greater purchasing power and other financially beneficial attributes. Some of the caterers are avoiding the segment, however, because the government mandates that they rebid for any account after three years.

Philadelphia-based ARA further lures districts with educational materials for teachers and students. "We try to teach nutrition to elementary school students hoping they'll carry that knowledge with them as they get older and home to their parents," says Jim Haas, president of ARA's school nutrition services division.—**Rona Gindin**

Student Market: Foodservice Sales

[illegible] | [illegible]

1989: $9,683,000,000 +3.8% Compound Annual Sales Growth

	1983 Sales ($000,000)	1983 Units	1983[3] Purchases ($000,000)	1983 vs 1982 % Growth	1984 Sales ($000,000)	1984 Purchases ($000,000)	1984 vs 1983 % Growth	1989 Sales ($000,000)	1984-1989 % Compound Annual Growth	
									Nominal	Real
School—Internal *(Public, parochial, elementary & secondary)* 1	2,577	90,979	2,854	4.6	2,618	2,899	1.6	2,770	1.1	−3.2
School—Contract	762	•2	303	5.9	789	314	3.6	1,032	5.5	1.0
Colleges, Universities—Internal	2,931	2,600	1,310	5.3	3,066	1,370	4.6	3,855	4.7	0.2
Colleges, Universities—Contract	1,494	•2	479	6.2	1,572	504	5.2	2,026	5.2	0.7
Total	7,764	93,579	4,946	5.3	8,045	5,087	3.6	9,683	3.8	-0.7

1. Actual cash receipts from children.

2. Total unit count is given in the internal total.

3. Not including $853,764,240 worth of commodities and milk— a +1.5% increase from 1982.

The Leisure Market

The key issue to affect this market segment is the public's concern with drinking and driving.

Leisure foodservice operators continue to report widespread health in 1985. RGI figures indicate that overall growth is up from last year. Sales growth for 1984 over 1983 was 7.3 percent. Total sales for 1984 were $4.8 billion. As a whole, the outlook is positive, with a compound annual growth rate of 7.3 percent projected for 1984-89.

The leisure segment encompasses a broad spectrum of operations ranging from theme parks to stadiums, museums, and resorts, so it is hard to generalize about activities. In many small theme parks and other leisure operations, foodservice activities do not change much from year to year. Sales are affected by attendance, and customers are viewed as a captive audience.

This year attendance has generally been good, because there have been no major weather disasters or strikes—such as the 1982 football strike and the 1981 baseball strike—and this season's feared baseball strike lasted only two days.

The most important development that has affected the leisure segment in many years is the public's increased concern about drinking and driving. Although bartenders and concession stand operators serve only about a quarter of the alcohol consumed in this country, they are a primary focus of the crusade against drunk driving.

Incidents of violence have also brought concerns about drinking at sports stadiums and arenas sharply into focus, and contract caterers and concessionaires are taking decisive action to curb over-indulgence.

Recent news reports of a shooting at Yankee Stadium, rioting and deaths at soccer matches in Europe, and a fight at Anaheim Stadium (in which a member of the California Angels' baseball team jumped into the stands to protect his family who were watching the game), have sharply underlined the potential for explosive violence inherent in a volatile sports setting.

Dram shop laws are the main impetus for implementing alcohol-control programs at stadiums and arenas. "The insurance industry is saying that the social cost to society of excessive drinking is very high," says Jim Peters, executive director, Center for Responsible Hospitality Management. "They are spreading the cost around by bringing the liquor and hospitality industries into the picture."

Traditionally, society has turned a blind eye to the excessive drinking that goes on at sporting events. The drinking is to be expected, in one sense it is part of the sporting mystique. That is changing with changes in demographics, points out Peters. "The baby boomers are having children, and there's a notable emphasis on men being more involved in child-rearing. When a man was single, going to the ballgame was a chance to go out and get drunk," he says. "Baby boomers' perspectives have changed as they have had children, and a sporting event is a good place to take the kids. They don't want to worry about taking the whole family to the stadium."

One company that has implemented a comprehensive alcohol awareness program is Buffalo, N.Y.-based Sportservice Corp., a nationwide concessions company with operations at stadiums, convention centers, etc. The program includes a six-hour training seminar for all liquor servers, conducted by the corporate training staff.

"We try to teach the servers to slow down or stop service before the customer is obviously drunk," says vice president of communications Sam Gifford. "We teach them to look for signals such as loud talk and drinking too quickly. Then we teach them to handle the situation diplomatically, by offering a food substitute or a nonalcohol drink."

Gifford notes that Sportservice has added mocktails (such as a margarita without the alcohol), low and nonalcohol beer, and low-alcohol wine to the drink menu.

The trained servers are supported by a variety of banners, posters, counter cards, program ads, and buttons that display the campaign slogan, "Drink responsibly. Sobriety is no accident."

Also mounting a comprehensive alcohol awareness plan is Harry M. Stevens, a New York City-based concessionnaire that provides food for 45 ball parks, arenas and race tracks, primarily in the Northeast.

As in the Sportservice program, a training team from headquarters is visiting locations training alcohol servers how to gauge signs of intoxication and how to refuse further service. In addition, servers have a wal-

Incidents of violence during sport events has brought public drinking into focus and operators are taking steps to curb overindulgence.

let-sized card containing a blood alcohol chart and "Guidelines for Responsible Service."

Management thoroughly supports the program, reflecting its perceived importance, says Keith Hoyt, director of training. If a customer who has been refused service is belligerent, management intervenes.

Additionally, alcohol awareness is being promoted through the use of new cups with the message "The Pros Know Their Limits—Please Don't Drink and Drive." A public service announcement is being developed to be shown on video monitors at different stadiums and race tracks. At some locations, says Hoyt, more drastic measures have been taken. Alcohol vending has been eliminated entirely at the Meadowlands Sports Complex, East Rutherford, N.J. At every location, alcohol sales are cut off after the third quarter or the seventh inning.

Canteen Corp., a nationwide concession company with $1.3 billion in total sales and concessions at such sites as the Hollywood Greyhound Track, Aloha Stadium, Yankee Stadium, and the St. Louis Arena, also is in the beginning stages of developing a program to control liquor sales, according to Craig Trimble, Canteen's eastern regional manager.

"We teach servers to look for slurred speech, odd behavior, rowdy behavior, and problems with making change," Trimble says. "In the past we told servers to refuse sales, but now we are suggesting alternatives such as another food or beverage. In the past, we always have taken a negative approach. Now we are being more positive and appealing to people's sense of responsibility."

Throughout the leisure segment, another important trend is the upgrading of foodservice. Customers are no longer viewed as a "captive audience" who will eat whatever is available. Whether it be sports stadiums, race tracks, or theme parks, the food setting is being improved.

At arenas and stadiums, food is no longer confined to just hot dogs and popcorn. "We now serve wine, gourmet burgers with toppings such as bacon, cheese, and mushrooms, and a variety of toppings on frankfurters," says John Roberts, vice president of marketing for Harry M. Stevens. He adds that at racing facilities, where activity is more leisurely and patrons stay on the premises for a time between races, foodservice has been upgraded even further, with much more complex menus available. A popular approach is a theme area, with kiosks offering a variety of foods from pizza to linguini with clam sauce.

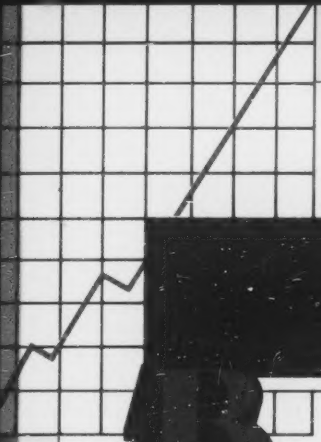
In all leisure areas, there is an increased emphasis on the price/value relationship instead of just price. As in most areas of foodservice, people are willing to pay a bit more for quality.

Larry Slocum, director of food operations for Disney's Magic Kingdom and the Epcot Center, finds this to be true. At the Disney theme parks, foodservice is an even more crucial part of the mix than at other theme parks, so executives are particularly attuned to trends. They find that theme park customers want the same things that the larger population wants; more seafood and more Oriental food. Epcot Center is opening the Lotus Blossom Cafe, serving Chinese fast food, and the Nine Dragons, a full-service restaurant, in the park's Chinese Pavilion. A seafood restaurant, Coral Reef, will open as part of the Seas Pavilion in January.—**Jacque Kochak**

Leisure Market: Foodservice Sales

1989: $6,870,000,000 +7.3% Compound Annual Sales Growth

	1983 Sales ($000,000)	1983 Units	1983 Purchases ($000,000)	1983 vs 1982 % Growth	1984 Sales ($000,000)	1984 Purchases ($000,000)	1984 vs 1983 % Growth	1989 Sales ($000,000)	1984-1989 % Compound Annual Growth	
									Nominal	Real
Theme Parks, Arenas, Stadiums, & Tracks	2,088	N/A	720	11.5	2,224	767	6.5	3,132	7.1	2.5
Drive-In Movie Theaters	232	2,882	72	7.3	252	78	8.6	376	8.3	3.7
Bowling Lanes	677	3,933	242	4.9	712	254	5.2	968	6.3	1.8
Summer Camps & Hunting Facilities	119	2,249	72	3.5	127	77	6.8	168	5.6	2.1
Clubs	1,391	10,310	582	9.1	1,520	636	9.3	2,226	7.9	3.3
Total	4,507	19,374	1,088	9.3	4,835	1,812	7.3	6,870	7.3	



The Transportation Market

By air, sea, or highway, more Americans are travelling forcing feeders to find their competitve niche.

As more Americans take to traveling, more competition is being felt in the transportation sector of the foodservice industry. While heavy players like Dobbs House, Marriott/Host, and Sky Chefs vie for the business of a deregulated airline industry—whose lower fares mean more passengers, but tighter budgets—smaller operations, including some run by the carriers themselves, are also able to compete and grow. Even the bus companies, beleaguered by the discount air travel boom, are finding niches where they can thrive. And more than one foodservice company is firmly grounded alongside the nation's highways, where truckstops and tollway foodservice are both gaining new momentum.

Marriott Corporation, the largest in-flight caterer in transportation foodservice, has been making a lot of acquisitions. In the past year, the company has snapped up Service Systems, Gladieux, and Roissy Service as well as three California hub catering operations. The company, which now operates more than 80 flight kitchens internationally, was also prompted by the highly competitive environment to consolidate domestic and international management operations early in '84.

The second-largest airline caterer in the U.S., Sky Chefs has added flight kitchens in Texas and Oklahoma; has expanded its Dallas, Los Angeles, and Denver operations; and is rehabbing its Tulsa flight kitchen.

The third-largest airline caterer, with a 20 percent share of the market, is Dobbs House, operating more than 50 in-flight kitchens around the country and the world. Among these is a joint venture with Singapore Airlines in the Philippines. Dobbs House has also generated additional business by providing menu consultation services for airlines such as People Express and Air Atlanta, and is testing executive aircraft catering.

Another major player in airline catering is Ogden Food Service Corporation. In 1984, the company acquired six additional flight kitchens, which are expected to generate $40 million in annual revenues.

Republic Airlines operates a flight kitchen in Minneapolis and may add at least one more. Director of foodservice Jim Jette says that a wine-tasting program now offered on about 20 flights has proved very successful.

Despite a pilots' strike, United Airlines remained aloft this spring. The air carrier, which caters about 20 percent of its own flights, has also scored a coup, taking over Pan American's link to the Pacific Basin.

At press time TWA was still in the throes of a takeover struggle between Texas Airlines and Carl Icahn. TWA, which caters about 20 percent of its own flights, has geared two foodservice programs to the frequent traveler. One is the Wine Masters Series, a tasting program. The other is Menu a la Carte, an in-flight meal service offering a wide selection of entrees.

For Chef Aire Airlines Caterers, a small company based at the Islip, N.Y., regional airport, the key to success has been a location slightly off the beaten path. Among its clients are United, Eastern, American, and USAir. In two years, Chef Aire's annual sales have grown to approximately $1 million. The company also has locations at JFK and Albany, and plans to expand into the Providence, R.I., market.

Expansion is helping companies keep pace with the burgeoning U.S. travel market, which grew 8.2 percent in 1984, to $234 billion. According to estimates by the U.S. Travel Data Center, $54 billion was spent by travelers on food in 1984 and $35 billion was spent on lodging.

This boom has been felt by the Port Authority of New York and New Jersey, which has commissioned a strategic plan to study services at three major airports.

Newark International Airport is considered the fastest-growing airport in the country, largely thanks to People Express. This burgeoning "no frills" air carrier has made its reputation on reduced fares, charging passengers for food and beverage served on board. Rapid expansion—including the addition of flights to the West Coast, London, and, most recently, Brussels—is prompting a move by People out of Newark's North Terminal and into Terminal C, a newer, larger facility. The carrier also now offers first-class service.

And now, a new airlines is getting off the ground—Presidential Airways. Serving the Northeast, the Southeast, the Midwest, and Florida, Presidential Airways is positioned as a full-service carrier flying at discount prices. Presidential Airways is working with Marriott to offer unusual and innovative in-flight foodservice, even on short hauls. Based at Dulles Airport, near Washington, D.C., service is expected to begin in October.

Because of hubbing more people are spending more time at airports, explains Art Spring, senior vice president of corporate development for Host International. "If we don't bring the facilities to them, we lose the revenues."

In addition to small, efficient concourse operations, Host has been introducing scatter-station cafeterias at a number of terminals, including the brand-new one at Standiford Field in Louisville, Ky. Moreover, the company is carving a market niche for destination restaurants in airports, positioned to compete with local establishments in both price and culinary quality.

As air travel in this country soars to new highs, how are things on the ground? Despite a recent announcement that Greyhound lines will be dramatically cutting back on bus operations, Joe Fassler, president of Greyhound Foodservice Management, is optimistic. GFM now operates eight truckstops in the U.S., which offer foodservice, lodging, and shopping, and show average annual volume of $12 million. And 29 of the company's Post House cafeterias in major urban terminals have been converted to Burger Kings, which have been reporting exceptionally high volumes—$3 million for a unit in Chicago. At Burbank Airport in California, GFM's contract feeding division now handles catering for Continental Airlines and Air Alaska. The company projects $200 million in transportation foodservice sales for 1985.

With more and more business travellers being pressured to cut travel expenses, broadening one's market base has become a prudent strategy for some companies.

With 28 bus terminal foodservice operations, Trailways has also moved into fast food, with three Hardee's and one Church's showing exceptional volumes in its terminals. In May, McDonald's opened 10 units in one day along the Connecticut Turnpike. With a total of 20 tollroad units expected to generate revenues of $30 million in 1985, McDonald's says average annual volume in these rehabbed restaurants has grown by 400 percent. Like GFM, McDonald's has ventured into truckstop operations, combining McDonald's with a service station and a convenience store.

Marriott has been steadily converting its 22 units along major tollroads in New Jersey and Delaware to Big Boys and Roy Rogers and units that combine both concepts under one roof. The company also operates units along the Indiana Turnpike, and is hoping to expand as bids come up in Ohio, New York, Florida, Indiana, and Pennsylvania.

Amtrak's trains offer three levels of foodservice—snacks, club, and dining car service. According to Amtrak foodservice director Henry Kabel, of Amtrak's 24 million passengers, an estimated 60 percent dine while on board, generating $38 to $48 million in annual food sales. But Kabel cautions: "We have a $700 million total budget that Congress wants to cut by 10 percent. If so, that's also going to mean a 10 percent reduction in foodservice."

—Mary Timmins

Transportation Market: Foodservice Sales

1989: $4,155,000,000 + 10.2% Compound Annual Sales Growth

	1983 Sales ($000,000)	1983 Units	1983 Purchases ($000,000)	1983 vs 1982 % Growth	1984 Sales ($000,000)	1984 Purchases ($000,000)	1984 vs 1983 % Growth	1989 Sales ($000,000)	1984-1989 % Compound Annual Growth	
									Nominal	Real
Air & Rail *(in transit)*	1,226	98	600	13.0	1,366	668	11.4	2,362	11.6	6.8
Terminal Facilities	604	269	211	9.8	658	230	8.9	987	8.4	3.8
Highway *(Interstate)*	326	N/A	116	8.6	359	127	9.4	530	8.1	3.5
Passenger & Cargo Ships	153	55	84	14.6	172	94	12.4	276	9.9	5.2
Total	2,311	422	1,011	11.5	2,555	1,119	10.6	4,155	10.2	5.5

Military

Competition is moving on to military bases in the form of fast food franchises, but not without controversy.

In the word of great French general Napoleon Bonaparte: "An army travels on its stomach." Little wonder, then, that America has created such an elaborate and ambitious series of systems for feeding its military personnel in Army, Navy, and Air Force installations worldwide.

According to estimates by the U.S. Defense Personnel Support Center (DPSC), America will spend $1.7 billion feeding her troops in 1985. And these are just appropriated funds, which do not cover the military's network of clubs and concessions, nor the franchised retaurant operations that may promise a new, high-volume growth market for fast food chains.

Though the Department of Defense (DOD) monitors budgetary and menu guidelines for all military foodservice operations, the Army, Navy, and Air Force each maintains its own network of mess halls and other troop feeding programs. Challenges for all three include staying within the DOD budget (which now stands at approximately $3.60 per person, per day); keeping up morale—a major military concern in which foodservice plays a vital role; enhancing and promoting nutritional awareness; and improving the feeding of troops in the field and in ships at sea.

The Navy Food Service Systems Office maintains 132 general messes worldwide, as well as foodservice operations aboard almost 250 ships, ranging from aircraft carriers to submarines. According to Lt. Cmdr. John Leon, SC, USN, who serves as financial division director, "Submarine food is known as the best. The ships get an extra allowance because food is a very high morale factor."

Nutrition has become a top priority for the Army, according to Loraine Salerno, supervisory home economist for the Dietary Programs Division. The Army, which runs approximately 1,100 dining facilities around the world, has begun monitoring the calorie, fat and sodium content in the foods served in its mess halls, where 1,500-calorie meals are now available through a new fitness program.

Another important concern for all three branches of the military is the development of food technology and rations, particularly for the feeding of troops in the field. Natick Laboratories, located in Natick, Mass., has produced a major innovation in this area—tray packs. These are approximately as large as a half-size steamtable tray and hold from 12 to 25 meal servings.

Overall, Air Force facilities serve 987 million meals per year at 184 bases, with a total budget of approximately $385 million.

For military men, officers' and enlisted men's clubs have long been a haven for eating, drinking, and making merry after a hitch in the field or at sea. While these clubs are typically required to be self-sustaining—with minimal profits put back into operations—some government funding is used to cover fixed costs. The Navy runs more than 350 such clubs worldwide, with total food and beverage sales of $186 million in fiscal '84. An aggressive campaign to boost awareness of the problem of DWI (driving while intoxicated) was launched to coincide with the 1984 holidays. The program has prompted various promotions as alternatives to alcohol consumption.

The competition appears to be moving on-base as well—in the form of franchised restaurant operations. Burger King, Pizza Inn, and Popeyes have each signed the Army Air Force Exchange Service (AAFES) as a franchisee. While the Popeyes and Pizza Inn agreements are basically one-unit trials, the Burger King contract calls for AAFES to open 185 units worldwide over the next five years. Six have opened already and both average monthly sales and profitability have proved exceptionally high. Meanwhile, McDonald's has signed on as a concessionnaire of the Navy Resale and Services Support System Office (NAVRESSSO), and expects to open up to 300 franchised units on Navy bases around the world over the coming decade.

With AAFES and NAVRESSSO putting royalties from such ventures back into recreation and other funds, franchising may well prove as rewarding for the military as it is for the fast food chains involved. However, an amendment to the Defense Department Authorization Bill has placed a moratorium on future franchising activity on military bases, to be in effect through May 1, or until DOD can assess the economic impact of such operations.

—Mary Timmins

18th Annual Restaurant Growth Index

by Jeffrey Hall

Eating place sales grew by 66 percent in the five-year period 1977-1982; in comparison, retail sales in general increased by only 49 percent.

Will the foodservice industry continue to hold its place as one of the most vital segments of the American economy? What changes in how Americans live, work, and play will have an impact on the industry? Where are the new opportunities for growth?

No single article or set of statistics can answer those questions completely. But data recently made available by the U.S. government—and summarized in this article—provide information that can show us something about the overall state of the restaurant industry as we enter the second half of the 1980s. If we understand these facts, and apply our understanding through use of the specific market information given in detailed tables for each Metropolitan Statistical Area (MSA) that follows this discussion, we'll be much better equipped to meet the challenges posed by an increasingly competitive industry.

The Metropolitan Statistical Area tables that start on page 200 tell you how likely the consumers in each market are to patronize restaurants (the Restaurant Activity Index—RAI) and how well the supply of restaurants meets the demand for dining out in each area (the Restaurant Growth Index—RGI). Careful estimates of population, sales, and market share are also presented.

The earlier description of the foodservice industry as one of the most vital segments of the economy is supported by data from the Census of Retail Trade. This government census, taken every five years, allows us to compare data from 1982 with similar figures from 1977. We learn that retail sales in general increased by 49 percent over that five-year period, but that eating place sales grew by 66 percent. The only major retail segment which grew at a greater rate was gasoline service stations, at 76 percent. By contrast, food store sales increased by 57 percent, greater than the overall retail growth, but behind the eating place growth rate. Fast food establishments increased their sales by 82 percent to spearhead the industrywide growth, while traditional dining establishments swelled their sales totals by a healthy 71 percent. The only pessimistic note is sounded by taverns and bars, which increased their sales by only 24 percent.

Evidence for the impact of the convenience-oriented lifestyles comes from another government survey, this one revealing how households or "consumer units" in urban areas spend their money. The most recent data concern expenditures during 1980-81; comparable information is available from 1972-73. Of course, much of the increase in expenditures between the early '70s and the early '80s should be attributed to inflation, but the comparison of different types of expenditures still reveals a shift in consumer behavior. Consumer expenditures on "food away from home" rose by 125 percent between the two surveys. Of major specified categories, only alcoholic beverages, which rose by 215 percent, and gasoline and motor oil, which rose by 191 percent, increased more.

The picture of the increasing willingness of consumers to apportion a growing part of their food dollars to the restaurant industry is buttressed by information from the U.S. Department of Agriculture. A recent USDA statistical bulletin shows that in 1983, 4.5 percent of consumer disposable income was spent on food away from home. This represents 28 percent of the disposable income spent on food. Ten years earlier, 3.9 percent of disposable income came to the foodservice industry, representing only 24 percent of the food dollar. This increase came in the face of a greater jump in prices for food away from home: A $10 meal in a restaurant in 1967 rose in price to $32 by 1983, while only $28.20 was needed to purchase the amount of groceries in 1983 that could have been purchased with $10 in 1967.

These statistics, when analyzed in conjunction with the retail sales data given earlier, suggest that the last few years have been good ones for the foodservice industry. The quality, convenience, and value offered by the foodservice industry are encouraging the consumer to make the choices that the statistics indicate—to devote a larger portion of the food dollar to food away from home. Each restaurant competes not only with other restaurants, but also with the consumer's option of not dining out at all.

One oddity in the information we've been examining

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so far in this article is the slow growth of sales figures in taverns and bars contrasted with the huge increase in rate of consumer spending for alcohol. A full-scale study would be necessary to account for this apparent discrepancy, but some explanations are evident. First, recent increases in the drinking age, crackdowns on drunk driving, and publicity about alcohol-related traffic accidents may be shifting the site of much alcohol consumption from the local tavern to the home, and thus shifting some of the increases in liquor expenditure from the bar owner to the liquor store owner. Secondly, some of the alcohol consumption may be switching from mixed drinks consumed in taverns to wines enjoyed with dinner—indeed, a portion of the increase in consumer expenditures for alcohol is probably coming to the foodservice industry.

Other information available from the 1982 Census of Retail Trade allows us to review the overall situation in the foodservice industry. In totalling the restaurants, lunchrooms, fast food establishments, cafeterias, contract feeding businesses, and caterers, the census counted over a quarter of a million "Eating places" with payroll in the United States. The total sales of these businesses came to over $93 billion; they employed over 4.3 million workers and paid them nearly $24 billion in wages. These statistics reveal the immense contribution the foodservice industry makes to the nation's economy. To translate them into information that is more pertinent to the individual restaurant owner or manager, let's examine *Table I*.

This table shows us that the average restaurant in 1982 enjoyed sales of $383,680. Because this is a national average generated from a statistical survey, the figure should not necessarily be used to measure your own success—the average says nothing about regional differences, costs, or profit. But as a general yardstick, it does give you something with which to compare different types of businesses to illustrate the competitive challenge the foodservice industry faces. If we match the sales per employee data in *Table I* with similar data for other businesses, we can document just how labor-intensive foodservice is. In *Table I*, we see that restaurants average $20,523 in sales for each person they employ, and that the average sales per employee for all retail businesses is much higher at $71,817.

There are several reasons for this. First, some retailers are selling more costly items that consumers purchase on an occasional basis. The prime example of this is automotive dealers, whose average sales per employee total $181,466. A second factor comes from the level of customer contact. In many general merchandise or department stores, the customer does not encounter a store employee until he or she is ready to pay for the selected items. In these stores, the average sales per employee are $65,218. At an increasing number of gasoline service stations, the customers pump their own gas and pay the single attendant who tends only to the cash register. Average sales per employee in gas stations are $156,846.

By contrast, in the foodservice industry, each customer visit may involve a host or hostess, a wine steward, a waiter or waitress, and workers who bus the tables, prepare the food, and wash the dishes. Even in a fast food setting, the number of workers who have some sort of contact with each customer is considerable.

For comparable averages to those of the foodservice industry, one must turn to other high-contact, labor intensive businesses such as retail bakeries ($22,322 per emoployee), hotels ($31,423), and motels ($27,322). The American consumer whose food dollar is going more and more to the foodservice industry is not simply buying food—he or she is buying service and convenience as well. The methods for increased sales per employee that are seen in, for example, the automotive or general merchandise fields are simply not available to the foodservice operator, for these would diminish the service and convenience that are part of the industry's strength. This fact is part of the challenge the foodservice industry faces, but it is also part of its success over the past decade.

Who are the consumers who are posing this challenge and whose increased reliance on the foodservice industry is spurring this success? What are the demographics of the market? One crucial factor is, of course, income. The past 15 years have seen a sharper line of division between income groups, to which the foodservice industry has responded by more specialization. *Table 2* illus-

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Table 1

Restaurant Sales per Employee Fall Below Other Retailers

NATIONAL AVERAGES FOR EATING PLACES WITH PAYROLL, 1982

	Sales per establishment	Sales per employee	Payroll per employee	Employees per establishment
Restaurants	$383,680	$20,523	$5,646	19
Fast food	326,262	22,156	5,083	15
Contract feeding	605,384	24,484	7,226	25
Total, all retail businesses	—	71,817	—	11

Source: U.S. Bureau of the Census, 1982 Census of Retail Trade

Table 2

[illegible]

PERCENTAGE OF HOUSEHOLDS AT DIFFERENT INCOME LEVELS
(Incomes are shown in constant 1983 dollars)

	Under $15,000	$15,000-25,000	$25,000-35,000	$35,000-50,000	$50,000 and over
1968	32.2	25.0	24.2	10.9	7.7
1983	35.9	22.8	17.0	14.0	10.3

Source: U.S. Bureau of Census, Series P-60, Consumer Income

trates this growing separation.

This table indicates that, taking inflation into account, the past 15 years have shown increases in the proportions of households at the low and high ends of the income spectrum, with a major decrease in the middle ranges. Some analysts have described this phenomenon as the "shrinking middle." Examination of other years shows that this pattern has been consistent since the late 1960s. Implications for the restaurant industry are many. Perhaps most significant is the importance of targeting your market, something that the detailed RGI tables that follow can help you do by showing you which markets have demonstrated a high tendency to patronize restaurants (RAI) and in which the potential demand for restaurants is not being met (RGI). Market segmentation is increasing in terms of income. Fewer restaurants will be able to appeal to "the average customer" because a number of different customers are emerging. The key will be finding and appealing to *your* average customer. Some will be more affluent, others facing harder economic conditions. All will be increasingly willing to dine out, but different groups will be making different demands on the restaurant industry. Some will stress price, others convenience, still others variety, quality or ambience. A single establishment will find it more and more difficult to be "all things to all people." Instead, the restaurant executive must decide how best to target that segment of the market that is most likely to result in profit.

The occupational portrait of the American consumer is undergoing change. Some of the crucial data for understanding this change are given in *Table 3*.

Table 3 shows the average household income for households in which the primary wage earner is in a specified occupation group. The income figures represent a mean, or arithmetic average, rather than a median, or midpoint, and so are somewhat higher than income figures used elsewhere in this article. In addition, income is shown for the entire household, and there may well be other earners in addition to the primary earner for whom occupation is shown. Even if we take these factors into account, however, we can see how the demands placed on restaurants by members of different occupation groups may vary. An establishment catering to the needs of executives is unlikely to be able to also serve the needs of a factory worker whose household income is about two-thirds of the executive's. Understanding the demographics of your market area, your customers, and your potential customers can help you find the appropriate niche for your restaurant.

If occupation is a key factor in the demographics of the restaurant market, what changes are taking place in the occupational make-up of American society? Only limited information is available to trace the trends here, due to changes in how jobs are classified, but that information is revealing. The changeover of the American economy from a manufacturing base to a service base, the rise of the yuppie, and the growth in trained business administrators have all received a great deal of publicity in the news media. Reality may not move as rapidly as perceptions, but there is some truth to these ideas. *Table 4* provides us with the statistics with which to measure how occupations are changing.

The time span in this table is not sufficient to track a longterm shift in occupation patterns, but it is long enough to show the beginnings of a trend. We see that over the past three years, the percentage of executives has shown a steady increase, while professionals and technicians have held steady. Clerical workers and operators and laborers are making up a slowly shrinking percentage of the work force. Referring back to *Table 3*, we notice that the jobs showing an increasing percentage are found toward the higher paying end of the spectrum, while those that are taking up a smaller share of the total occupational picture are not the lowest, but are toward the lower portion. They may well be another instance of the "shrinking middle" phenomenon which we saw illustrated in *Table 2*. If so, it reinforces the suggestion made in the discussion of *Table 2* that the trend in the foodservice industry will be toward greater specialization, more market segmentation, and strong competition among restaurants to find their place in an increasingly diverse consumer market.

The change in household composition that has been noted in the past few years continues in the most recent set of statistics. A long-range picture of how households—the basic consumer unit in our society—have changed is available by matching 1970 data with information for 1984. We find that in 1970, eight of 10 households were family households, seven of 10 were married-couple families, and four of 10 households

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were made up of a married couple with children. By 1984, only seven of 10 households in the United States were family households, under six of 10 were married-couple households, and fewer than three of 10 were married couples with children. Women living alone or with children only had jumped from 15 percent to nearly 22 percent; married couples with three or more children in the home had dropped from 15 percent to six percent. By 1984, nearly one of every four households consisted of an individual living alone.

Traditional modes of living in households are being replaced by a greater variety of options. Because households constitute basic consumer units, the foodservice industry itself must respond to this great variety in living situations. Families dining out will become less common as families themselves become less common. Working parents will look to the foodservice industry for increased convenience and value. Persons living alone will utilize restaurants as places to take, meet and entertain friends. As in the other trends we've sketched in this article, this change in society will lead to greater segmentation of the restaurant market. More variety in menu selections, prices, and types of service, and other aspects of the restaurant experience will increasingly be expected of the foodservice industry.

Definitions

Population:

Updated from the 1980 U.S. Census of Population and Housing, it is an estimate of the number of people living in an area at the end of the year. It includes people living in colleges and hospitals, and armed forces permanently assigned to the area, but excludes tourists and transients. Large changes in group-quarters populations are not projected in these forecasts.

Demographic statistics have been estimated employing a population component procedure. That is, independent county estimates of births, mortality, and migration are generated. These population components are aggregated and either added or subtracted from the appropriate benchmark.

Fertility rates, for example, have been projected at their current rate of change. We assume that the pattern of births will continue its slow but steady rate. Similarly, we have assumed that no major medical advancement will be found over the next few years and that the mortality rates that are in effect today will continue unmodified.

Percent of U.S. Pop.:

A market's share of the total U.S. population.

Household:

A household consists of all the people occupying a single housing unit under 1980 census rules—such as a house, an apartment, a group of rooms, or a single room. The members of a household need not be related, and a single person living alone in a housing unit is also counted as a household.

All persons who are not members of households are regarded as living in group quarters: institutions, college dormitories, military barracks, etc. Caution: Although a county's population total will include all the people in the area, the household total will not do so because it excludes those living in group quarters.

Average Household Size:

Total population divided by the number of households. Depending upon whether it is above or below the U.S. average, it is used as a rough indicator of the rela-

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Table 3

Blue Collar Falls Below White Collar Incomes

AVERAGE (MEAN) INCOME OF HOUSEHOLDS BY OCCUPATION OF HOUSEHOLDER, 1983

Occupation group	Average income of household	1983 Index	Percent of householders with that occupation
Executive	$42,356	141	13.7
Professional	39,590	132	13.4
Technicians	32,380	108	3.1
Sales	32,982	110	11.1
Clerical	25,041	84	10.2
Service	18,681	62	10.3
Farming	19,009	63	1.8
Precision production	28,631	96	16.9
Operators & laborers	23,991	80	17.2
TOTAL Average	29,946	100	100.0

Source: U.S. Bureau of the Census, Series P-60, Consumer Income tive importance of family-type units or single-person units in a local area.

However, the figure can be artificially high in those relatively few counties where there is a disproportionate share of college, military, or other types of institutional population. The people living in such group quarters are part of the population total, but their dwellings are not part of the household total.

Eating and Drinking Places:

Includes establishments selling prepared foods and drinks for consumption on or near the premises or for take-out, as well as lunch counters and refreshment stands selling prepared foods and drinks for immediate food contractors, as well as leased eating and/or drinking concessions in theaters, hotels, amusement parks, etc. Restaurants and lunch counters operated by department stores are classified in the General Merchandise Group; those operated by hotels are classified in the Hotels Group.

Eating Places:

Includes retail sales and units of restaurants and lunch rooms, social caterers, cafeterias, fast food sales, contract feeding, and ice cream and frozen custard stands. Excludes drinking place sales and units.

Restaurants:

Establishments engaged in serving prepared food and beverages selected by the patron from a full menu. Waiter or waitress service is provided and the establishment has seating facilities for at least 15 patrons. These establishments often serve alcoholic beverages. Establishments in which sales of alcoholic beverages for consumption on the premises exceed receipts from sales of prepared foods and nonalcoholic beverages are classified as "Drinking places."

Fast Food:

Establishments primarily selling limited lines of refreshments and prepared food items. Included in this group are establishments which prepare refreshment items such as pizza, barbecued chicken, and hamburgers for consumption either on or near the premises or for "take-home" consumption.

Market Share:

Represents the percent of eating places from fast food units or from restaurants. It is indicative of customer preference for these types of establishments in that area.

Restaurant Activity Index (RAI):

The percent of U.S. eating place sales divided by the percent of U.S. food store sales, expressed as an index. An index greater than 100 indicates a more than average propensity to eat out rather than at home.

Restaurant Growth Index (RGI):

The RGI is designed to show the relationship between restaurant supply and demand in each market as an index. When supply equals demand, the index is 100. When demand exceeds supply, and the potential for growth is present, the index will exceed 100. The amount by which the RGI exceeds 100 represents the proportion of growth potential that is present—an index of 120 means that the market's demand could support 20 percent growth. When the market is saturated, and supply exceeds demand, the index will drop below 100.

Demand is measured by six factors:

Market's share of U.S. employed persons.

Market's share of U.S. working women.

Market's share of U.S. households with effective buying income of $25,000 or more.

Market's share of U.S. eating place sales.

Market's share of U.S. hotel and motel receipts.

Market's share of U.S. population age 14 & under; 25 to 44.

These factors are given equal weight and added together to create the demand portion of the equation (i.e., A + B + C + D + E + F divided by 6).

Table 4

[illegible]

PERCENTAGE OF EMPLOYED WORKERS BY JOB CATEGORY

	1982	1983	1984	1985
Executive	10.7	10.9	11.0	11.4
Professional	12.8	13.1	13.1	13.0
Technician	3.0	3.0	3.0	3.0
Sales	11.2	11.6	11.9	11.7
Clerical	16.7	16.4	16.0	16.1
Service	13.6	13.6	13.5	13.5
Farming	3.4	3.5	3.2	3.3
Precision production	12.0	12.0	12.3	12.4
Operators & laborers	16.7	15.8	15.9	15.6

Source: U.S. Bureau of Labor Statistics, Employment and Earnings

Footnote to sales figures

Adjustment of Eating place sales figures to be comparable to Current Retail Trade Reports.

After adjustments for differences in what Current Retail Trade includes in Eating places and which are not included in Eating places, the 1984 figure of $104,418,000,000 rises to $116,876,000,000. (This is the data used by Market Statistics in Malcolm Knapp's RGI Metro Area and ADI reports beginning on page 200.)

The components of adjustment are:

1-Merchandise line—Knapp includes only sales of food (meals and snacks) and alcoholic beverages. Adjusting for total sales adds $1,354,000,000.

2-Non-payroll establishments—Knapp includes only establishments with payrolls. Adjusting for no-payroll establishments adds $2,284,000,000.

3-Contract feeders—Knapp does not include contract feeders in eating places; but shows sales in the segments they serve. Adjusting for the inclusion of contract feeders adds $8,820,000,000, a figure higher than the Census.

Adjustment of Drinking places sales figures to be comparable to current Retail Trade Reports.

1-Merchandise line—Knapp includes only sales of food (meals and snacks) and alcoholic beverages. Adjusting for total sales adds $688,000,000.

2-Nonpayroll establishments—Knapp includes only establishments with payrolls. Adjusting for non-payroll establishments adds $1,028,000,000.

The adjusted, comparable figure rises from Knapp's $8,248,000,000 to $9,964,000,000. Adjusted Eating and Drinking place sales figures go from $112,666,000,000 to $126,840,000,000.

Supply is measured by the percentage of U.S. total eating places located in the market.

The RGI is created by dividing demand by supply, and multiplying the result by 100, so that the final figure will be in index form.

Television Market:

The TV markets are the American Research Bureau's Areas of Dominant Influence (ADIs). ARB studies each county for its measurable viewing patterns. The hours of viewing accorded each TV station whose signal reached the county are totalled; then each station's percentage share of total viewing hours is calculated. The market of origin of the TV stations with the largest share of viewing hours becomes the ADI name for that market, and all counties whose largest viewing share is given to stations of that same market of origin are grouped within the ADI. (For its purposes, ARB splits certain counties, treating each portion as if it were a separate county.) Each county (or portion) is allocated exclusively to a single ADI; thus overlap is eliminated. All of the area of the United States is covered except for Hawaii and part of Alaska.

Metropolitan Statistical Areas (MSAs):

In the Restaurant Growth Index, metropolitan markets are identical with Federal government's definition of MSAs or PMSAs (Primary Metropolitan Statistical Area), except in New England, where NECMAs (New England County Metropolitan Areas) are used. These metropolitan markets are counties or groups of counties which meet certain criteria of metropolitan character.

The basic criteria for metropolitan areas are:

1. Each metropolitan statistical area must include a city which, with contiguous and densely settled territory, constitutes a Census Bureau defined urbanized area with at least 50,000 population.

2. If a metropolitan statistical area's largest city has less than 50,000 population, the area must have a total population of at least 100,000.

Thus, a city of 50,000 or an urbanized area surrounding a city with 50,000 and a population density of 1,000 per square mile becomes a basic test of the metropolitan character of an area. The county or counties in which the city or urbanized area is located, plus surrounding counties with heavy commuting between themselves and the core counties and population density sufficient to establish them as metropolitan, are designated as the metropolitan area.

Certain areas meet many tests of metropolitan character, but are located within larger, dominating metropolitan statistical areas of one million or more population. To preserve the identity of these areas within the large, "mega-metropolitan areas," the government devised a second level of metropolitan criteria. These criteria identify, within metropolitan areas of at least one million population, sub-areas that are called Primary Metropolitan Statistical Areas (PMSAs). A county or counties that express strong local opinion to be identified as a PMSA must have:

1. At least 100,000 population.
2. At least 60 percent of its population urban.
3. Less than 50 percent of its resident workers commuting to jobs outside the county.

The Restaurant Growth Index treats MSAs and PMSAs as equivalent areas, so that the most locally identifiable area that qualifies as metropolitan will be the one appearing in the statistical tables.

In New England, the offical MSA definitions are based on cities and towns rather than counties. Because the Restaurant Growth Index is developed from a county level data base, we use New England County Metropolitan Areas (NECMAs) in the six New England states. NECMAs are determined by using the MSA standards as described above.

Jeffrey Hall, formerly director of marketing of Market Statistics, is a consultant to Restaurant Business *Magazine. All data are copyrighted by* Restaurant Business and Sales & Marketing Management *Magazines and further reproduction without permission is prohibited.*

Metropolitan Statistical Areas

The following list shows the definitions of each metropolitan area as covered in the Restaurant Growth Index and defined by the Federal government.

Abilene, TX—Taylor

Akron, OH—Portage, Summit

Albany, GA—Dougherty, Lee

Albany-Schenectady-Troy, NY—Albany, Greene, Montgomery, Renselaer, Saratoga, Schenectady

Albuquerque, NM—Bernalillo

Alexandria, LA—Rapides

Allentown-Bethlehem, PA-NJ—Carbon, Pennsylvania; Lehigh, Pennsylvania; Northampton, Pennsylvania; Warren, New Jersey

Alton-Granite City, IL—Jersey, Madison

Altoona, PA—Blair

Amarillo, TX—Potter, Randall

Anaheim-Santa Ana, CA—Orange

Anchorage, AK—Anchorage Borough

Anderson, IN—Madison

Anderson, SC—Anderson

Ann Arbor, MI—Washtenaw

Anniston, AL—Calhoun

Appleton-Oshkosh-Neenah, WI Calumet, Outagamie, Winnebago

Asheville, NC—Buncombe

Athens, GA—Clarke, Jackson, Madison, Oconee

Atlanta, GA—Barrow, Butts, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Rockdale, Spalding, Walton

Atlantic City, NJ—Atlantic, Cape May

Augusta, GA-SC—Columbia, McDuffie, GA; Richmond, GA; Aiken, SC

Aurora-Elgin, IL—Kane, Kendall

Austin, TX—Hays, Travis, Williamson

Bakersfield, CA—Kern

Baltimore, MD—Anne Arundel, Baltimore, Carroll, Harford, Howard, Queen Anne's, Baltimore

Bangor, ME—Penobscot

Baton Rouge, LA—Ascension, East Baton Rouge, Livingston, West Baton Rouge

Battle Creek, MI—Calhoun

Beaumont-Port Arthur, TX—Hardin, Jefferson, Orange

Beaver County, PA—Beaver

Bellingham, WA—Whatcom

Benton Harbor,MI—Berrien

Bergen-Passaic, NJ—Bergen, Passaic

Billings, MT—Yellowstone

Biloxi-Gulfport, MS—Hancock, Harrison

Binghamton, NY—Broome, Tioga

Birmingham, AL—Blount, Jefferson, St. Clair, Shelby, Walker

Bismarck, ND—Burleigh, Morton

Bloomington, IN—Monroe

Bloomington-Normal, IL—McLean

Boise City, ID—Ada

Boston-Lawrence-Salem-Lowell-Brockton, MA—Essex, Middlesex, Norfolk, Plymouth, Suffolk

Boulder-Longmont, CO—Boulder

Bradenton, FL—Manatee

Brazoria, TX—Brazoria

Bremerton, WA—Kitsap

Bridgeport-Stamford-Norwalk-Danbury, CT—Fairfield

Brownsville-Harlingen, TX—Cameron

Bryan-College Station, TX—Brazos

Buffalo, NY—Erie

Burlington, NC—Alamance

Burlington, VT—Chittenden, Grand Isle

Canton, OH—Carroll, Stark

Casper, WY—Natrona

Cedar Rapids, IA—Linn

Champaign-Urbana-Rantoul, IL—Champaign

Charleston, SC—Berkeley, Charleston, Dorchester

Charleston, WV—Kanawha, Putnam

Charlotte-Gastonia-Rock Hill, NC-SC—Cabarrus, Gaston, Kannapolis, Lincoln, Mecklenburg, Rowan, Union, all NC; York, SC

Charlottesville, VA—Albemarle, Fluvanna, Greene, Charlottesville

Chattanooga, TN-GA—Hamilton, TN; Marion, TN; Sequatchie, TN; Catoosa, GA; Dade, GA; Walker, GA

Cheyenne, WY—Laramie

Chicago, IL—Cook, DuPage, McHenry

Chico, CA—Butte

Cincinnati, OH-KY-IN—Clermont, OH; Hamilton, OH; Warren, OH; Boone, KY; Campbell, KY; Kenton, KY; Dearborn, IN

Clarksville-Hopkinsville, TN-KY—Montgomery, TN; Christian, KY

Cleveland, OH—Cuyahoga, Geauga, Lake, Medina

Colorado Springs, CO—El Paso

Columbia, MO—Boone

Columbia, SC—Lexington, Richland

Columbus, GA-AL—Chattahoochee, GA; Muscogee, GA; Russell, AL

Columbus, OH—Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, Union

Corpus Christi, TX—Nueces, San Patricio

Cumberland, MD-WV—Allegany, MD; Mineral, WV

Dallas, TX—Collin, Dallas, Denton, Ellis, Kaufman, Rockwall

Danville, VA—Pittsylvania, Danville

Davenport-Rock Island-Moline, IA-IL—Scott, IA; Henry, IL; Rock Island, IL

Dayton-Springfield, OH—Clark, Greene, Miami, Montgomery

Daytona Beach, FL—Volusia

Decatur, IL—Macon

Denver, CO—Adams, Arapahoe, Denver, Douglas, Jefferson

Des Moines, IA—Dallas, Polk, Warren

Detroit, MI—Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Wayne

Dothan, AL—Dale, Houston

Dubuque, IA—Dubuque

Duluth, MN-WI—St. Louis, MN; Douglas, WI

East St. Louis-Belleville, IL—Clinton, St. Clair

Eau Claire, WI—Chippewa, Eau Claire

El Paso, TX—El Paso

Elkhart-Goshen, IN—Elkhart

Elmira, NY—Chemung

Enid, OK—Garfield

Erie, PA—Erie

Eugene-Springfield, OR—Lane

Evansville, IN-KY—Posey, IN; Vanderburgh, IN; Warrick, IN; Henderson, KY

Fargo-Moorehead, ND-MN—Cass, ND; Clay, MN

Fayetteville, NC—Cumberland

Fayetteville-Springdale, AR—Washington

Flint, MI—Genesee

Florence, AL—Colbert, Lauderdale

Florence, SC—Florence

Fort Collins-Loveland, CO—Larimer

Fort Lauderdale-Hollywood-Pompano Beach, FL—Broward

Fort Myers, FL—Cape Coral, Lee

Fort Pierce, FL—Martin, St. Lucie

Fort Smith, AR-OK—Crawford, Sebastian, AR; Sequoyah, OK

Fort Walton Beach, FL—Okaloosa

Fort Wayne, IN—Allen, De Kalb, Whitley

Fort Worth-Arlington, TX—Johnson, Parker, Tarrant

Fresno, CA—Fresno

Gadsden, AL—Etowah

Gainesville, FL—Alachua, Bradford

Galveston-Texas City, TX—Galveston

Gary-Hammond, IN—Lake, Porter

Glens Falls, NY—Warren, Washington

Grand Forks, ND—Grand Forks

Grand Rapids, MI—Kent, Ottawa

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MSAs *continued from page 200*

Great Falls, MT—Cascade
Greeley, CO—Weld
Green Bay, WI—Brown
Greensboro-Winston-Salem-High Point, NC—Davidson, Davie, Forsyth, Guilford, Randolph, Stokes, Yadkin
Greenville-Spartanburg, SC—Greenville, Pickens, Spartanburg
Hagerstown, MD—Washington
Hamilton-Middletown, OH—Butler
Harrisburg-Lebanon-Carlisle, PA—Cumberland, Dauphin, Lebanon, Perry
Hartford-New Britain-Middletown-Bristol, CT—Hartford, Middlesex, Tolland
Hickory, NC—Alexander, Burke, Catawba
Honolulu, HI—Honolulu
Houma-Thibodaux, LA—Lafourche, Terrebonne
Houston, TX—Fort Bend, Harris, Liberty, Montgomery, Waller
Huntington-Ashland, WV-KY-OH—Cabell, WV; Wayne, WV; Boyd, KY; Carter, KY; Greenup, KY; Lawrence, OH
Huntsville, AL—Madison
Indianapolis, IN—Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Shelby
Iowa City, IA—Johnson
Jackson, MI—Jackson
Jackson, MS—Hinds, Madison, Rankin
Jackson, TN—Madison
Jacksonville, FL—Clay, Duval, Nassau, St. Johns
Jacksonville, NC—Onslow
Janesville-Beloit, WI—Rock
Jersey City, NJ—Hudson
Johnson City-Kingsport-Bristol, TN-VA—Carter, TN; Hawkins, TN; Sullivan, TN; Unicoi, TN; Washington, TN; Scott, VA; Washington, VA; Bristol, VA
Johnstown, PA—Cambria, Somerset
Joliet, IL—Grundy, Will
Joplin, MO—Jasper, Newton
Kalamazoo, MI—Kalamazoo
Kankakee, IL—Kankakee
Kansas City, MO-KS (recombined)**—**Cass, Clay, Jackson, Lafayette, Platte, Ray, all MO; Johnson, Leavenworth, Miami, Wyandotte, all KS.
Kenosha, WI—Kenosha
Killeen-Temple, TX—Bell, Coryell
Knoxville, TN—Anderson, Blount, Grainger, Jefferson, Knox, Sevier, Union
Kokomo, IN—Howard, Tipton
La Crosse, WI—La Crosse
Lafayette, LA—Lafayette, St. Martin
Lafayette-West Lafayette, IN—Tippecanoe
Lake Charles, LA—Calcasieu
Lake County, IL—Lake
Lakeland-Winter Haven, FL—Polk
Lancaster, PA—Lancaster
Lansing-East Lansing, MI—Clinton, Eaton, Ingham
Laredo, TX—Webb
Las Cruces, NM—Dona Ana
Las Vegas, NV—Clark
Lawrence, KS—Douglas
Lawton, OK—Comanche
Lewiston-Auburn, ME—Androscoggin
Lexington-Fayette, KY—Bourbon, Clark, Fayette, Jessamine, Scott, Woodford
Lima, OH—Allen, Auglaize
Lincoln, NE—Lancaster
Little Rock-North Little Rock, AR—Faulkner, Lonoke, Pulaski, Saline
Longview-Marshall, TX—Gregg, Harrison
Lorain-Elyria, OH—Lorain
Los Angeles-Long Beach, CA—Los Angeles
Louisville, KY-IN—Bullitt, KY; Jefferson, KY; Oldham, KY; Shelby, KY; Clark, IN; Floyd, IN; Harrison, IN
Lubbock, TX—Lubbock
Lynchburg, VA—Amherst, Campbell, Lynchburg
Macon-Warner Robins, GA—Bibb, Houston, Jones, Peach
Madison, WI—Dane
Manchester, NH—Hillsborough
Mansfield, OH—Richland
McAllen-Endinburg-Mission, TX—Hidalgo
Medford, OR—Jackson
Melbourne-Titusville-Palm Bay, FL—Brevard
Memphis, TN-AR-MS—Shelby, TN; Tipton, TN; Crittenden, AR; De Soto, MS
Miami-Hialeah, FL—Dade
Middlesex-Somerset-Hunterdon, NJ—Hunterdon, Middlesex, Somerset
Midland, TX—Midland
Milwaukee, WI—Milwaukee, Ozaukee, Washington, Waukesha
Minneapolis-St. Paul, MN-WI—Anoka, MN; Carver, MN; Chisago, MN; Dakota, MN; Hennepin, MN; Isanti, MN; Ramsey, MN; Scott, MN; Washington, MN; Wright, MN; St. Croix, WI
Mobile, AL—Baldwin, Mobile
Modesto, CA—Stanislaus
Monmouth-Ocean, NJ—Monmouth, Ocean
Monroe, LA—Ouachita
Montgomery, AL—Autauga, Elmore, Montgomery
Muncie, IN—Delaware
Muskegon, MI—Muskegon
Naples, FL—Collier
Nashville, TN—Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson, Wilson
Nassau-Suffolk, NY—Nassau, Suffolk
New Bedford-Fall River-Attleboro, MA—Bristol
New Haven-Waterbury-Meriden, CT—New Haven
New London-Norwich, CT—New London
New Orleans, LA—Jefferson, Orleans, St. Bernard, St. Charles, St. John the Baptist, St. Tammany
New York, NY—Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, Westchester
Newark, NJ—Essex, Morris, Sussex, Union
Niagara Falls, NY—Niagara
Norfolk-Virginia Beach-Newport News, VA—Gloucester, James City, York, Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg
Oakland, CA—Alameda, Contra Costa
Ocala, FL—Marion
Odessa, TX—Ector
Oklahoma City, OK—Canadian, Cleveland, Logan, McClain, Oklahoma, Pottawatomie
Olympia, WA—Thurston
Omaha, NE-IA—Douglas, NE; Sarpy, NE; Washington, NE; Pottawattamie, IA
Orange County, NY—Orange
Orlando, FL—Orange, Osceola, Seminole
Owensboro, KY—Daviess
Oxnard-Ventura, CA—Ventura
Panama City, FL—Bay
Parkersburg-Marietta, WV-OH—Wood, WV; Washington, OH
Pascagoula, MS—Jackson
Pensacola, FL—Escambia, Santa Rosa
Peoria, IL—Peoria, Tazewell, Woodford
Philadelphia, PA-NJ—Bucks, PA; Chester, PA; Delaware, PA; Montgomery, PA; Philadelphia, PA; Burlington, NJ; Camden, NJ; Gloucester, NJ
Phoenix, AZ—Maricopa
Pine Bluff, AR—Jefferson
Pittsburgh, PA—Allegheny, Fayette, Washington, Westmoreland
Pittsfield, MA—Berkshire
Portland, ME—Cumberland
Portland, OR—Clackamas, Multnomah, Washington, Yamhill
Portsmouth-Dover-Rochester, NH—Rockingham, Strafford
Poughkeepsie, NY—Dutchess
Providence-Pawtucket-Woonsocket, RI—Bristol, Kent, Providence, Washington
Provo-Orem, UT—Utah
Pueblo, CO—Pueblo
Racine, WI—Racine
Raleigh-Durham, NC—Durham, Franklin, Orange, Wake
Rapid City, SD—Pennington
Reading, PA—Berks
Redding, CA—Shasta
Reno, NV—Washoe
Richland-Kennewick-Pasco, WA—Benton, Franklin
Richmond-Petersburg, VA—Charles City, Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, New Kent, Pawhatan, Prince George, Colonial Heights, Hopewell, Petersburg, Richmond
Riverside-San Bernardino, CA—Riverside, San Bernardino
Roanoke, VA—Botetourt, Roanoke County, Roanoke City, Salem
Rochester, MN—Olmstead
Rochester, NY—Livingston, Monroe, Ontario, Orleans, Wayne
Rockford, IL—Boone, Winnebago
Sacramento, CA—El Dorado, Placer, Sacramento, Yolo, Roseville City
Saginaw-Bay City-Midland, MI—Bay, Midland, Saginaw
Santa Fe, NM—Los Alamos, Santa Fe
St. Cloud, MN—Benton, Sherburne, Stearns
St. Joseph, MO—Buchanan
St. Louis, MO-IL—Franklin, MO; Jefferson, MO; St. Charles, MO; St. Louis County, MO; St. Louis City, MO; Monroe, IL
Salem, OR—Marion, Polk
Salinas-Seaside-Monterey, CA—Monterey
Salt Lake City-Ogden, UT—Davis, Salt Lake, Weber
San Angelo, TX—Tom Green
San Antonio, TX—Bexar, Comal, Guadalupe
San Diego, CA—San Diego
San Francisco, CA—Marin, San Francisco, San Mateo
San Jose, CA—Santa Clara
Santa Barbara-Santa Maria-Lompoc, CA—Santa Barbara
Santa Cruz, CA—Santa Cruz
Santa Rosa-Petaluma, CA—Sonoma
Sarasota, FL—Sarasota
Savannah, GA—Chatham, Effingham
Scranton-Wilkes-Barre, PA—Columbia, Lackawanna, Luzerne, Monroe, Wyoming

continued on page 204

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Source: 011

For information circle number 187

MSAs *continued from page 202*

Seattle, WA—King, Snohomish
Sharon, PA—Mercer
Sheboygan, WI—Sheboygan
Sherman-Denison, TX—Grayson
Shreveport, LA—Bossier, Caddo
Sioux City, IA-NE—Woodbury, IA, Dakota, NE
Sioux Falls, SD—Minnehaha
South Bend-Mishawaka, IN—St. Joseph
Spokane, WA—Spokane
Springfield, IL—Menard, Sangamon
Springfield, MA—Hampden, Hampshire
Springfield, MO—Christian, Greene
State College, PA—Centre
Steubenville-Weirton, OH-WV—Jefferson, OH; Brooke, WV; Hancock, WV
Stockton, CA—San Joaquin
Syracuse, NY—Madison, Onondaga, Oswego
Tacoma, WA—Pierce
Tallahassee, FL—Gadsden, Leon
Tampa-St. Petersburg-Clearwater, FL—Hernando, Hillsborough, Pasco, Pinellas
Terre Haute, IN—Clay, Vigo
Texarkana, TX-Texarkana, AR—Bowie, TX; Miller, AR
Toledo, OH—Fulton, Lucas, Wood
Topeka, KS—Shawnee
Trenton, NJ—Mercer
Tucson, AZ—Pima
Tulsa, OK—Creek, Osage, Rogers, Tulsa, Wagoner
Tuscaloosa, AL—Tuscaloosa
Tyler, TX—Smith
Utica-Rome, NY—Herkimer, Oneida
Vallejo-Fairfield-Napa, CA—Napa, Solano
Vancouver, WA—Clark
Victoria, TX—Victoria
Vineland-Millville-Bridgeton, NJ—Cumberland
Visalia-Tulare-Porterville, CA—Tulare
Waco, TX—McLennan
Washington, DC-MD-VA—District of Columbia; Calvert, MD; Charles, MD; Frederick, MD; Montogomery, MD; Prince George's, MD; Arlington, VA; Fairfax, VA; Loudon, VA; Prince William, VA; Stafford, VA; Alexandria, VA; Fairfax, VA; Falls Church, VA; Manassas, VA; Manassas Park, VA
Waterloo-Cedar Falls, IA—Black Hawk, Bremer
Wausau, WI—Marathon
West Palm Beach-Boca Raton-Delray Beach, FL—Palm Beach
Wheeling, WV-OH—Marshall, WV; Ohio, WV; Belmont, OH
Wichita, KS—Butler, Sedgwick
Wichita Falls, TX—Wichita
Williamsport, PA—Lycoming
Wilmington, DE-MD-NJ—New Castle, DE; Cecil, MD; Salem, NJ
Wilmington, NC—New Hanover
Worcester, MA—Worcester
Yakima, MA—Yakima
York, PA—Adams, York
Youngstown-Warren, OH—Mahoning, Trumbull
Yuba City, CA—Sutter, Yuba

RGI Regional Summary

	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
REGION State	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Connecticut	3,152.8	1.3231	2.76	1,897,863	1,755,540	3,663	556,466	32	970,986	55	104	91
Maine	1,165.8	0.4893	2.76	541,444	524,964	1,292	196,991	38	289,408	55	84	84
Massachusetts	5,807.9	2.4375	2.71	4,357,076	4,040,754	6,469	1,145,454	28	2,339,910	58	131	104
New Hampshire	982.4	0.4123	2.75	567,323	554,208	1,185	167,719	30	337,626	61	88	93
Rhode Island	963.0	0.4041	2.77	521,174	474,704	1,130	151,864	32	275,951	58	108	81
Vermont	533.4	0.2239	2.74	294,612	272,002	702	77,164	28	166,520	61	91	89
NEW ENGLAND	**12,605.3**	**5.2902**	**2.74**	**8,179,492**	**7,622,172**	**14,441**	**2,295,658**	**30**	**4,380,401**	**57**	**113**	**96**
New Jersey	7,545.8	3.1669	2.77	3,921,565	3,394,956	6,833	1,069,006	31	1,841,823	54	85	120
New York	17,915.5	7.5188	2.71	9,299,985	8,575,725	18,445	2,438,762	28	4,763,939	56	104	99
Pennsylvania	11,965.4	5.0217	2.69	5,327,320	4,752,922	10,965	1,771,460	37	2,356,607	50	87	98
MIDDLE ATLANTIC	**37,426.7**	**15.7074**	**2.71**	**18,548,870**	**16,723,603**	**36,243**	**5,279,228**	**32**	**8,962,369**	**54**	**95**	**103**
Illinois	11,552.9	4.8485	2.74	5,384,840	4,925,911	11,705	1,980,077	40	2,458,294	50	107	97
Indiana	5,556.9	2.3322	2.80	2,695,034	2,496,440	5,749	1,201,723	48	1,041,912	42	98	89
Michigan	9,180.2	3.8528	2.79	4,131,936	3,738,400	8,593	1,492,228	40	1,880,814	50	98	96
Ohio	10,813.8	4.5384	2.71	5,083,628	4,656,794	10,944	2,064,706	44	2,150,581	46	93	90
Wisconsin	4,788.3	2.0096	2.71	2,293,836	1,915,015	5,290	669,834	35	1,123,326	59	96	84
EAST NORTH CENTRAL	**41,892.1**	**17.5815**	**2.75**	**19,589,274**	**17,732,560**	**42,281**	**7,408,568**	**42**	**8,654,927**	**49**	**99**	**92**
Iowa	2,941.3	1.2344	2.63	1,169,263	1,021,029	3,430	451,831	44	480,047	47	72	73
Kansas	2,448.0	1.0274	2.66	1,030,601	982,629	2,897	502,633	51	394,403	40	83	78
Minnesota	4,183.6	1.7557	2.73	2,032,469	1,818,819	4,206	620,602	34	1,053,308	58	90	101
Missouri	5,046.6	2.1180	2.74	2,389,506	2,250,102	5,254	1,034,073	46	956,094	42	87	92
Nebraska	1,619.4	0.6797	2.66	727,182	627,109	1,875	266,558	43	316,856	51	90	79
North Dakota	692.4	0.2905	2.85	297,050	245,420	716	98,613	40	133,163	54	91	89
South Dakota	713.7	0.2995	2.73	290,898	247,314	825	85,996	35	145,691	59	83	76
WEST NORTH CENTRAL	**17,645.0**	**7.4052**	**2.70**	**7,936,969**	**7,192,422**	**19,203**	**3,060,306**	**43**	**3,479,562**	**48**	**85**	**87**
Delaware	615.0	0.2582	2.82	316,427	294,281	630	129,662	44	143,294	49	94	97
District of Columbia	618.1	0.2594	2.47	653,950	611,035	907	160,488	26	309,881	51	277	175
Florida	11,166.0	4.6861	2.54	6,667,155	6,257,805	11,270	2,304,856	37	3,302,276	53	108	112
Georgia	5,889.6	2.4718	2.85	2,758,998	2,632,448	5,384	1,373,925	52	967,137	37	102	109
Maryland	4,381.6	1.8389	2.80	2,409,392	2,214,267	3,938	931,807	42	974,174	44	98	110
North Carolina	6,215.9	2.6088	2.77	2,683,168	2,618,415	5,868	1,410,869	54	962,472	37	88	97
South Carolina	3,353.4	1.4074	2.86	1,343,043	1,301,125	2,924	665,933	51	476,479	37	88	109
Virginia	5,692.4	2.3890	2.87	2,516,820	2,472,867	5,414	1,120,206	45	1,056,762	43	93	110
West Virginia	1,972.5	0.8278	2.72	601,483	572,038	1,551	331,592	58	194,530	34	65	95
SOUTH ATLANTIC	**39,904.5**	**16.7474**	**2.73**	**19,950,436**	**18,974,281**	**37,886**	**8,429,338**	**44**	**8,387,005**	**44**	**99**	**109**
Alabama	4,042.4	1.6965	2.76	1,217,643	1,173,536	2,962	678,982	58	368,805	31	68	102
Kentucky	3,769.7	1.5821	2.82	1,419,549	1,350,460	3,136	771,749	57	468,383	35	78	100
Mississippi	2,627.2	1.1026	2.92	704,789	681,460	1,895	377,630	55	227,961	33	59	102
Tennessee	4,759.9	1.9977	2.75	1,988,449	1,929,011	4,373	941,486	49	796,374	41	82	101
EAST SOUTH CENTRAL	**15,199.2**	**6.3789**	**2.80**	**5,330,430**	**5,134,467**	**12,366**	**2,769,847**	**54**	**1,861,523**	**36**	**74**	**101**
Arkansas	2,377.8	0.9979	2.77	837,321	817,123	2,200	474,829	58	264,577	32	88	83
Louisiana	4,500.7	1.8888	2.87	2,357,954	2,197,481	3,679	955,466	43	808,835	37	100	116
Oklahoma	3,348.6	1.4054	2.67	1,866,818	1,810,499	3,736	902,476	50	668,285	37	108	82
Texas	16,167.6	6.7853	2.86	9,613,868	8,935,932	16,242	3,976,082	44	3,696,774	41	107	100
WEST SOUTH CENTRAL	**26,394.7**	**11.0774**	**2.83**	**14,675,961**	**13,761,035**	**25,857**	**6,308,853**	**46**	**5,438,471**	**40**	**105**	**98**
Arizona	3,106.3	1.3037	2.66	1,631,452	1,499,397	3,167	562,876	38	780,684	52	89	101
Colorado	3,224.7	1.3534	2.60	2,125,754	1,964,967	3,881	643,156	33	1,102,063	56	106	97
Idaho	1,017.1	0.4269	2.92	389,493	350,248	1,106	140,433	40	187,742	54	73	78
Montana	827.6	0.3473	2.63	446,646	346,791	1,128	125,983	36	204,259	59	80	75
Nevada	920.4	0.3862	2.49	642,469	565,940	999	202,759	36	296,730	52	93	530
New Mexico	1,451.1	0.6090	2.82	706,848	653,022	1,614	286,713	44	303,027	46	88	85
Utah	1,680.5	0.7052	3.22	555,876	535,361	1,453	245,544	46	254,090	47	74	101
Wyoming	515.6	0.2164	2.75	326,171	272,934	636	110,460	40	141,166	52	86	119
MOUNTAIN	**12,743.3**	**5.3481**	**2.73**	**6,824,709**	**6,188,660**	**13,984**	**2,317,924**	**37**	**3,269,761**	**53**	**90**	**125**
Alaska	523.7	0.2198	2.93	527,690	437,245	477	137,566	31	194,631	45	125	145
California	25,806.6	10.8306	2.72	17,093,279	16,073,826	29,280	5,864,669	36	8,915,633	55	119	96
Hawaii	1,053.9	0.4423	3.21	1,110,858	1,039,529	1,396	356,707	34	580,956	56	198	175
Oregon	2,693.3	1.1303	2.63	1,539,235	1,404,637	3,427	532,453	38	763,702	54	117	78
Washington	4,386.4	1.8409	2.59	2,727,810	2,495,259	4,850	861,450	35	1,420,061	57	111	90
PACIFIC	**34,463.9**	**14.4639**	**2.71**	**22,998,872**	**21,450,496**	**39,430**	**7,752,845**	**36**	**11,874,983**	**55**	**120**	**97**
United States Total	**238,274.7**	**100.0000**	**2.74**	**124,035,013**	**114,779,696**	**241,691**	**45,622,567**	**40**	**56,309,002**	**49**	**100**	**100**

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Sales by Metropolitan Area

This section of the Restaurant Growth Index provides sales, unit counts, market share, RAI and RGI indexes for 316 Metropolitan Statistical Areas (MSAs) as defined by the U.S. Office of Federal Statistical Policy and Standards.

STATE Metro Name	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average House-hold Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
ALABAMA												
Anniston	124.9	0.0524	2.88	31,992	31,285	82	18,255	58	9,554	31	76	107
Birmingham	915.7	0.3842	2.67	315,186	303,382	714	165,014	54	98,261	32	73	105
Dothan	126.1	0.0529	2.78	49,357	48,087	113	30,736	64	13,824	29	81	91
Florence	139.6	0.0586	2.68	43,853	42,173	115	24,611	58	12,878	31	79	88
Gadsden	104.8	0.0440	2.68	33,367	32,584	97	19,013	58	9,949	31	67	74
Huntsville	208.0	0.0873	2.71	98,870	93,952	178	52,332	56	32,815	35	103	131
Mobile	468.8	0.1967	2.80	184,440	172,933	384	92,850	54	57,303	33	70	103
Montgomery	291.4	0.1224	2.80	103,398	99,620	224	58,130	58	30,419	31	82	116
Tuscaloosa	143.2	0.0601	2.78	52,801	49,494	112	28,881	58	15,115	31	68	98
Non-Metro Portion of State	1,471.6	0.6176	2.80	293,452	289,306	913	182,904	63	85,415	30	52	97
State Total	**4,042.4**	**1.6965**	**2.76**	**1,217,643**	**1,173,536**	**2,962**	**678,982**	**58**	**368,805**	**31**	**68**	**102**
ALASKA												
Anchorage	229.8	0.0964	2.74	304,357	268,467	243	89,305	33	112,484	42	176	143
Non-Metro Portion of State	293.9	0.1234	3.10	223,333	168,778	234	4[illegible],261	29	82,147	49	86	147
State Total	**523.7**	**0.2198**	**2.93**	**527,690**	**437,245**	**477**	**137,[illegible]66**	**31**	**194,631**	**45**	**125**	**145**
ARIZONA												
Phoenix	1,736.0	0.7285	2.59	1,019,053	946,317	1,737	341,660	36	496,761	52	93	113
Tucson	602.1	0.2527	2.55	307,852	279,347	638	114,821	41	135,006	48	95	90
Non-Metro Portion of State	768.2	0.3225	2.93	304,547	273,733	792	106,395	39	148,917	54	71	86
State Total	**3,106.3**	**1.3037**	**2.66**	**1,631,452**	**1,499,397**	**3,167**	**562,876**	**38**	**780,684**	**52**	**89**	**101**
ARKANSAS												
Fayetteville - Springdale	106.0	0.0445	2.72	54,528	52,871	130	30,463	58	17,788	34	113	73
Fort Smith	175.5	0.0737	2.74	76,882	75,819	191	43,334	57	25,650	34	120	77
Little Rock - North Little Rock	501.5	0.2103	2.78	246,337	240,988	486	128,850	53	85,426	35	108	104
Pine Bluff	90.2	0.0378	2.96	28,381	27,461	81	15,824	58	9,239	34	69	83
Texarkana	119.5	0.0502	2.76	59,686	57,824	121	28,139	49	22,380	39	96	82
Non-Metro Portion of State	1,452.1	0.6096	2.76	399,922	390,527	1,267	238,953	61	118,313	30	74	76
State Total	**2,377.8**	**0.9979**	**2.77**	**837,321**	**817,123**	**2,200**	**474,829**	**58**	**264,577**	**32**	**88**	**83**
CALIFORNIA												
Anaheim - Santa Ana	2,103.6	0.8828	2.81	1,736,544	1,665,364	2,566	601,177	36	949,783	57	144	100
Bakersfield	460.5	0.1932	2.84	259,163	244,599	502	107,135	44	122,854	50	99	86
Chico	163.6	0.0687	2.50	82,287	74,679	187	27,447	37	41,265	55	77	63
Fresno	569.9	0.2392	2.83	251,466	232,953	613	107,310	46	116,082	50	89	77
Los Angeles - Long Beach	7,908.9	3.3192	2.74	5,299,974	5,014,814	8,350	1,742,226	35	2,789,279	56	122	106
Modesto	299.8	0.1258	2.80	138,726	131,680	295	65,621	50	58,351	44	82	82
Oakland	1,875.8	0.7873	2.58	1,131,078	1,054,156	2,027	419,512	40	559,181	53	105	92
Oxnard - Ventura	596.9	0.2505	3.00	265,414	253,395	531	93,901	37	146,678	58	88	96
Redding	134.6	0.0564	2.63	58,929	54,051	176	19,866	37	29,867	55	72	64

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	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
CALIFORNIA *continued*												
Riverside - San Bernardino	1,825.4	0.7660	2.80	959,137	912,130	1,758	416,109	46	455,986	50	100	89
Sacramento	1,242.4	0.5215	2.56	782,932	730,039	1,531	313,211	43	371,411	51	111	83
Salinas - Seaside - Monterey	324.8	0.1364	3.02	198,765	188,461	395	60,121	32	124,026	66	145	97
San Diego	2,085.3	0.8752	2.72	1,326,482	1,241,678	2,235	448,976	36	692,261	56	130	103
San Francisco	1,526.3	0.6405	2.39	1,829,504	1,686,707	2,597	409,758	24	1,048,001	62	178	108
San Jose	1,377.5	0.5781	2.83	995,733	948,274	1,546	380,282	40	489,214	52	128	114
Santa Barbara - Santa Maria - Lompoc	322.0	0.1352	2.68	271,654	257,532	434	76,508	30	167,451	65	129	88
Santa Cruz	216.8	0.0910	2.63	138,133	127,071	308	53,439	42	66,660	52	108	64
Santa Rosa - Petaluma	335.3	0.1408	2.56	184,351	168,646	382	66,163	39	92,389	55	92	79
Stockton	393.0	0.1649	2.74	189,824	176,005	406	88,093	50	81,903	47	98	73
Vallejo - Fairfield - Napa	379.5	0.1592	2.81	209,425	192,892	369	81,554	42	103,802	54	102	87
Visalia - Tulare - Porterville	279.2	0.1171	3.03	104,914	97,357	282	51,826	53	41,688	43	72	67
Yuba City	110.4	0.0463	2.75	47,437	43,382	113	15,944	37	23,972	55	85	71
Non-Metro Portion of State	1,275.1	0.5353	2.75	631,407	577,961	1,677	218,490	38	343,529	59	81	66
State Total	**25,806.6**	**10.8306**	**2.72**	**17,093,279**	**16,073,826**	**29,280**	**5,864,669**	**36**	**8,915,633**	**55**	**119**	**96**
COLORADO												
Boulder - Longmont	215.2	0.0903	2.60	156,390	147,077	263	49,638	34	85,846	58	103	91
Colorado Springs	345.0	0.1448	2.73	199,610	182,785	377	80,460	44	79,561	44	113	100
Denver	1,608.6	0.6750	2.52	1,169,432	1,084,144	1,693	342,792	32	600,517	55	113	115
Fort Collins - Loveland	174.8	0.0734	2.66	87,203	79,540	204	26,622	33	44,159	56	92	84
Greeley	138.0	0.0579	2.78	50,026	45,926	131	15,371	33	25,497	56	79	77
Pueblo	125.1	0.0525	2.65	59,518	51,787	157	17,332	33	28,751	56	76	72
Non-Metro Portion of State	618.0	0.2595	2.68	403,575	373,708	1,056	110,941	30	237,732	64	97	76
State Total	**3,224.7**	**1.3534**	**2.60**	**2,125,754**	**1,964,967**	**3,881**	**643,156**	**33**	**1,102,063**	**56**	**106**	**97**
CONNECTICUT												
Bridgeport - Stamford - Norwalk - Danbury	815.1	0.3421	2.81	528,306	501,093	919	132,501	26	297,439	59	106	95
Hartford - New Britain - Middletown - Bristol	1,060.7	0.4451	2.74	676,444	619,233	1,247	204,857	33	316,203	51	112	99
New Haven - Waterbury - Meriden	769.5	0.3229	2.72	443,069	410,038	931	143,662	35	226,204	55	100	81
New London - Norwich	248.8	0.1044	2.83	145,476	128,624	278	45,373	35	75,080	58	108	94
Non-Metro Portion of State	258.7	0.1086	2.76	104,568	96,552	288	30,073	31	56,060	58	74	77
State Total	**3,152.8**	**1.3231**	**2.76**	**1,897,863**	**1,755,540**	**3,663**	**556,466**	**32**	**970,986**	**55**	**104**	**91**
DELAWARE												
Wilmington	535.6	0.2249	2.83	248,822	228,952	505	102,194	45	111,099	49	91	106
Non-Metro Portion of State	211.9	0.0890	2.84	111,419	103,873	225	45,645	44	51,215	49	102	80
State Total	**615.0**	**0.2582**	**2.82**	**316,427**	**294,281**	**630**	**129,662**	**44**	**143,294**	**49**	**94**	**97**
DISTRICT OF COLUMBIA												
Washington	3,425.9	1.4378	2.72	2,302,682	2,218,903	3,380	801,701	36	1,050,943	47	122	142
State Total	**618.1**	**0.2594**	**2.47**	**653,950**	**611,035**	**907**	**160,488**	**26**	**309,881**	**51**	**277**	**175**
FLORIDA												
Bradenton	173.6	0.0729	2.38	106,026	101,870	168	38,151	37	53,145	52	107	85
Daytona Beach	305.7	0.1283	2.39	202,531	186,904	374	71,609	38	93,753	50	110	108
Fort Lauderdale - Hollywood - Pompano Beach	1,142.0	0.4793	2.39	891,002	821,286	1,293	244,011	30	493,899	60	138	106
Fort Myers - Cape Coral	256.3	0.1076	2.41	149,871	143,641	294	48,713	34	87,106	61	94	83

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	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
FLORIDA *continued*												
Fort Pierce	193.2	0.0811	2.51	80,490	77,316	159	32,794	42	38,966	50	71	88
Fort Walton Beach	128.8	0.0541	2.79	82,957	78,625	154	29,449	37	41,019	52	139	93
Gainesville	191.1	0.0802	2.72	113,125	107,710	211	40,663	38	56,075	52	102	97
Jacksonville	789.1	0.3312	2.70	428,227	404,444	834	198,404	49	167,643	41	115	108
Lakeland - Winter Haven	357.2	0.1499	2.73	154,249	147,871	292	77,030	52	60,652	41	77	98
Melbourne - Titusville - Palm Bay	330.0	0.1385	2.52	172,054	158,892	330	63,327	40	76,417	48	110	87
Miami - Hialeah	1,755.9	0.7370	2.70	1,054,545	995,497	1,757	340,245	34	515,045	52	120	138
Naples	112.5	0.0472	2.43	85,676	79,216	129	33,606	42	39,923	50	98	82
Ocala	159.7	0.0670	2.60	64,967	62,050	143	23,240	37	32,371	52	73	79
Orlando	836.5	0.3510	2.69	592,987	569,392	852	221,902	39	294,984	52	129	165
Panama City	109.8	0.0461	2.68	90,948	84,897	151	31,795	37	44,292	52	188	110
Pensacola	320.3	0.1343	2.78	157,877	143,271	272	73,028	51	52,156	36	96	112
Sarasota	241.6	0.1014	2.22	173,166	166,030	276	43,186	26	110,138	66	117	90
Tallahassee	207.9	0.0873	2.74	113,924	108,385	220	40,810	38	56,466	52	111	101
Tampa - St. Petersburg - Clearwater	1,837.4	0.7711	2.41	1,082,623	1,010,821	1,773	384,125	38	507,990	50	101	108
West Palm Beach - Boca Raton - Delray Beach	709.1	0.2976	2.37	501,314	467,208	739	123,020	26	307,025	66	111	114
Non-Metro Portion of State	1,008.3	0.4230	2.60	368,596	342,479	849	145,748	43	173,211	51	68	89
State Total	**11,166.0**	**4.6861**	**2.54**	**6,667,155**	**6,257,805**	**11,270**	**2,304,856**	**37**	**3,302,276**	**53**	**108**	**112**
GEORGIA												
Albany	117.8	0.0495	3.02	53,927	50,430	104	26,572	53	18,556	37	92	113
Athens	138.5	0.0582	2.76	68,430	63,129	146	33,319	53	23,270	37	96	84
Atlanta	2,392.8	1.0044	2.75	1,562,062	1,481,415	2,506	711,947	48	578,293	39	131	120
Augusta	372.4	0.1564	2.87	140,187	133,516	312	74,295	56	39,126	29	90	104
Columbus	241.0	0.1012	2.98	93,203	87,803	212	46,881	53	31,647	36	103	83
Macon - Warner Robins	276.4	0.1159	2.86	115,827	111,884	251	59,289	53	40,950	37	88	109
Savannah	230.0	0.0966	2.80	146,389	136,741	238	72,019	53	50,302	37	127	103
Non-Metro Portion of State	2,172.3	0.9113	2.94	597,023	584,973	1,669	356,154	61	190,387	33	67	100
State Total	**5,889.6**	**2.4718**	**2.85**	**2,758,998**	**2,632,448**	**5,384**	**1,373,925**	**52**	**967,137**	**37**	**102**	**109**
HAWAII												
Honolulu	818.5	0.3435	3.22	877,940	812,743	1,046	290,035	36	431,597	53	230	162
Non-Metro Portion of State	235.4	0.0988	3.14	232,918	226,786	350	66,672	29	149,359	66	131	215
State Total	**1,053.9**	**0.4423**	**3.21**	**1,110,858**	**1,039,529**	**1,396**	**356,707**	**34**	**580,956**	**56**	**198**	**175**
IDAHO												
Boise	195.3	0.0820	2.71	114,521	105,177	245	41,636	40	55,039	52	107	86
Non-Metro Portion of State	821.8	0.3449	2.98	274,972	245,071	861	98,797	40	132,703	54	64	75
State Total	**1,017.1**	**0.4269**	**2.92**	**389,493**	**350,248**	**1,106**	**140,433**	**40**	**187,742**	**54**	**73**	**78**
ILLINOIS												
Aurora - Elgin	339.8	0.1426	2.88	147,377	134,768	310	51,885	38	67,302	50	100	173
Bloomington - Normal	124.2	0.0521	2.76	70,021	63,435	147	25,937	41	31,274	49	122	86
Champaign - Urbana - Rantoul	168.9	0.0709	2.77	105,361	93,798	210	38,350	41	46,244	49	139	85
Chicago	6,056.9	2.5421	2.75	3,216,087	3,000,754	6,138	1,097,462	37	1,569,055	52	122	110
Davenport - Rock Island - Moline	388.3	0.1630	2.66	205,964	177,180	456	84,378	48	74,086	42	104	57
Decatur	131.5	0.0552	2.62	54,496	47,548	129	19,442	41	23,441	49	87	101
Joliet	382.8	0.1607	3.06	121,985	110,748	295	46,623	42	55,599	50	98	97
Kankakee	103.9	0.0436	2.82	45,598	42,940	108	17,558	41	21,169	49	104	76
Lake County	470.5	0.1975	3.04	193,367	178,923	476	63,243	35	99,331	56	108	92
Peoria	370.5	0.1554	2.71	155,010	139,689	376	60,766	44	70,954	51	92	99

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	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
ILLINOIS *continued*												
Rockford	281.5	0.1182	2.71	130,993	116,846	304	48,455	41	59,286	51	94	86
Springfield	194.4	0.0816	2.50	99,557	89,775	219	36,715	41	44,268	49	107	102
Non-Metro Portion of State	2,118.0	0.8887	2.65	697,333	610,788	2,203	316,357	52	255,670	42	75	65
State Total	**11,552.9**	**4.8485**	**2.74**	**5,384,840**	**4,925,911**	**11,705**	**1,980,077**	**40**	**2,458,294**	**50**	**107**	**97**
INDIANA												
Anderson	133.8	0.0562	2.74	59,404	53,199	139	25,766	48	22,087	42	73	81
Bloomington	101.0	0.0424	2.83	55,533	51,395	112	24,895	48	21,336	42	118	81
Elkhart - Goshen	143.3	0.0601	2.80	75,570	71,181	174	34,476	48	29,552	42	80	80
Evansville	284.1	0.1192	2.66	155,675	143,259	316	74,790	52	56,143	39	92	97
Fort Wayne	356.1	0.1494	2.79	196,542	182,195	406	66,628	37	101,204	56	111	90
Gary - Hammond	637.6	0.2676	2.94	335,691	313,093	630	152,495	49	135,530	43	101	89
Indianapolis	1,198.7	0.5030	2.73	713,599	673,579	1,247	322,078	48	263,387	39	123	110
Kokomo	103.3	0.0434	2.72	59,605	53,843	134	26,081	48	22,351	42	104	70
Lafayette - West Lafayette	122.5	0.0514	2.90	70,266	64,853	127	31,412	48	26,924	42	131	104
Muncie	124.6	0.0523	2.83	75,053	69,865	140	33,841	48	29,005	42	115	83
South Bend - Mishawaka	237.7	0.0998	2.73	132,958	122,256	287	50,620	41	63,356	52	109	82
Terre Haute	134.3	0.0564	2.74	78,609	72,081	156	34,914	48	29,925	42	101	77
Non-Metro Portion of State	1,800.9	0.7559	2.82	617,504	560,657	1,730	288,792	52	219,242	39	75	75
State Total	**5,556.9**	**2.3322**	**2.80**	**2,695,034**	**2,496,440**	**5,749**	**1,201,723**	**48**	**1,041,912**	**42**	**98**	**89**
IOWA												
Cedar Rapids	171.4	0.0720	2.59	81,522	72,430	182	32,348	45	33,722	47	83	98
Davenport - Rock Island - Moline	388.3	0.1630	2.66	205,964	177,180	456	84,378	48	74,086	42	104	57
Des Moines	380.5	0.1598	2.53	206,689	187,552	449	83,808	45	81,136	43	84	101
Dubuque	93.7	0.0393	2.94	42,542	37,253	100	16,637	45	17,344	47	90	85
Iowa City	85.7	0.0360	2.57	45,050	37,838	86	16,900	45	17,616	47	103	129
Sioux City	118.0	0.0495	2.65	51,580	45,139	129	20,080	44	21,211	47	72	87
Waterloo - Cedar Falls	163.5	0.0685	2.73	68,923	59,201	174	26,333	44	27,737	47	86	83
Non-Metro Portion of State	1,693.2	0.7106	2.63	546,193	470,926	2,039	202,050	43	235,950	50	60	62
State Total	**2,941.3**	**1.2344**	**2.63**	**1,169,263**	**1,021,029**	**3,430**	**451,831**	**44**	**480,047**	**47**	**72**	**73**
KANSAS												
Kansas City	1,473.1	0.6185	2.67	819,676	784,188	1,548	363,283	46	348,317	44	102	112
Lawrence	71.4	0.0300	2.82	38,019	34,475	79	17,704	51	13,824	40	112	83
Topeka	159.1	0.0668	2.56	90,953	85,157	206	43,733	51	34,146	40	94	93
Wichita	428.2	0.1797	2.61	218,285	210,151	563	99,526	47	85,846	41	99	89
Non-Metro Portion of State	1,240.9	0.5206	2.65	442,907	419,088	1,541	219,383	52	167,650	40	72	63
State Total	**2,448.0**	**1.0274**	**2.66**	**1,030,601**	**982,629**	**2,897**	**502,633**	**51**	**394,403**	**40**	**83**	**78**
KENTUCKY												
Clarksville - Hopkinsville	155.5	0.0652	3.10	58,827	54,155	134	28,009	52	20,937	39	90	84
Huntington - Ashland	341.0	0.1430	2.74	126,960	122,145	266	80,698	66	31,798	26	82	98
Lexington-Fayette	328.5	0.1378	2.69	202,883	195,983	379	102,321	52	74,520	38	117	110
Louisville	968.5	0.4065	2.74	522,453	485,308	895	265,106	55	171,665	35	102	113
Owensboro	87.7	0.0368	2.74	52,523	47,860	115	27,380	57	16,285	34	96	78
Non-Metro Portion of State	2,066.5	0.8673	2.87	505,040	493,339	1,476	312,540	63	151,740	31	56	92
State Total	**3,769.7**	**1.5821**	**2.82**	**1,419,549**	**1,350,460**	**3,136**	**771,749**	**57**	**468,383**	**35**	**78**	**100**
LOUISIANA												
Alexandria	143.0	0.0600	2.89	55,266	52,851	120	23,594	45	19,394	37	118	93

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RGI Metro Report

	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
LOUISIANA *continued*												
Baton Rouge	549.7	0.2307	2.91	287,511	267,303	440	148,344	55	87,592	33	93	122
Houma - Thibodaux	191.7	0.0805	3.07	159,846	153,573	169	63,003	41	38,039	25	154	109
Lafayette	215.3	0.0903	2.89	176,820	163,520	224	72,668	44	58,917	36	142	111
Lake Charles	176.7	0.0742	2.87	76,640	70,971	135	31,684	45	26,040	37	69	117
Monroe	145.2	0.0609	2.86	73,946	70,226	131	31,347	45	25,769	37	112	98
New Orleans	1,337.9	0.5615	2.74	956,741	885,805	1,288	348,764	39	394,136	44	122	131
Shreveport	357.2	0.1499	2.73	188,662	175,826	319	87,597	50	68,512	39	105	106
Non-Metro Portion of State	1,384.0	0.5808	3.00	382,522	357,406	853	148,465	42	90,436	25	63	102
State Total	**4,500.7**	**1.8888**	**2.87**	**2,357,954**	**2,197,481**	**3,679**	**955,466**	**43**	**808,835**	**37**	**100**	**116**
MAINE												
Bangor	138.5	0.0581	2.92	61,363	59,902	132	23,431	39	31,861	53	82	101
Lewiston - Auburn	100.5	0.0422	2.75	37,832	36,180	100	14,150	39	19,244	53	62	78
Portland	223.9	0.0940	2.65	162,891	155,056	286	52,299	34	92,637	60	95	92
Non-Metro Portion of State	702.9	0.2950	2.77	279,358	273,826	774	107,111	39	145,666	53	83	79
State Total	**1,165.8**	**0.4893**	**2.76**	**541,444**	**524,964**	**1,292**	**196,991**	**38**	**289,408**	**55**	**84**	**84**
MARYLAND												
Baltimore	2,265.4	0.9508	2.78	1,253,969	1,114,056	2,018	473,711	43	462,310	41	104	111
Cumberland	105.9	0.0444	2.69	42,942	40,124	111	17,826	44	17,086	43	87	78
Hagerstown	116.6	0.0490	2.80	38,229	31,341	99	13,456	43	13,636	44	64	103
Non-Metro Portion of State	315.3	0.1322	2.78	194,001	182,588	363	73,208	40	99,697	55	111	91
State Total	**4,381.6**	**1.8389**	**2.80**	**2,409,392**	**2,214,267**	**3,938**	**931,807**	**42**	**974,174**	**44**	**98**	**110**
MASSACHUSETTS												
Boston - Lawrence - Salem - Lowell - Brockton	3,678.4	1.5438	2.71	3,010,928	2,806,094	4,054	776,403	28	1,591,908	57	150	114
New Bedford - Fall River - Attleboro	489.5	0.2054	2.76	256,164	233,439	470	92,728	40	117,328	50	70	89
Pittsfield	142.9	0.0600	2.63	90,149	81,689	181	24,184	30	51,203	63	88	89
Springfield	583.1	0.2447	2.76	352,852	319,445	595	97,490	31	189,500	59	103	91
Worcester - Fitchburg - Leominster	657.7	0.2761	2.76	357,644	330,337	633	92,042	28	194,127	59	114	97
Non-Metro Portion of State	256.3	0.1075	2.47	289,339	269,750	536	62,607	23	195,844	73	152	69
State Total	**5,807.9**	**2.4375**	**2.71**	**4,357,076**	**4,040,754**	**6,469**	**1,145,454**	**28**	**2,339,910**	**58**	**131**	**104**
MICHIGAN												
Ann Arbor	270.4	0.1134	2.77	148,163	138,774	279	55,990	40	69,558	50	135	120
Battle Creek	137.7	0.0578	2.68	64,039	58,140	152	23,458	40	29,140	50	112	83
Benton Harbor	165.9	0.0696	2.74	68,160	61,960	171	24,999	40	31,056	50	102	80
Detroit	4,359.4	1.8297	2.76	2,099,953	1,920,100	4,002	748,869	39	962,982	50	101	102
Flint	439.4	0.1844	2.78	220,527	192,874	392	86,783	45	85,845	45	108	103
Grand Rapids	623.2	0.2615	2.81	298,969	273,248	535	97,749	36	146,186	53	116	117
Jackson	149.3	0.0626	2.89	57,844	52,204	133	21,064	40	26,167	50	104	92
Kalamazoo	214.6	0.0901	2.73	123,825	117,377	258	48,572	41	55,116	47	150	92
Lansing - East Lansing	424.6	0.1783	2.85	203,466	185,222	383	85,992	46	84,840	46	103	108
Muskegon	154.6	0.0649	2.80	62,653	56,067	145	22,621	40	28,103	50	96	89
Saginaw - Bay City - Midland	416.1	0.1747	2.87	202,513	181,734	336	73,119	40	92,408	51	99	110
Non-Metro Portion of State	1,825.0	0.7658	2.83	581,824	500,700	1,807	203,012	41	269,413	54	67	69
State Total	**9,180.2**	**3.8528**	**2.79**	**4,131,936**	**3,738,400**	**8,593**	**1,492,228**	**40**	**1,880,814**	**50**	**98**	**96**

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RGI Metro Report

	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
MINNESOTA												
Duluth	259.8	0.1091	2.65	128,442	107,860	297	36,311	34	65,536	61	86	75
Fargo - Moorhead	145.9	0.0613	2.75	84,873	73,086	154	29,304	40	39,495	54	120	105
Minneapolis - St. Paul	2,218.0	0.9307	2.68	1,273,084	1,153,729	2,111	393,765	34	655,397	57	104	129
Rochester	95.4	0.0400	2.72	54,169	50,553	97	17,551	35	29,120	58	91	170
St. Cloud	175.2	0.0736	3.20	69,229	58,834	145	20,476	35	33,976	58	81	88
Non-Metro Portion of State	1,475.7	0.6193	2.78	529,807	463,937	1,606	160,256	35	277,730	60	71	64
State Total	**4,183.6**	**1.7557**	**2.73**	**2,032,469**	**1,818,819**	**4,206**	**620,602**	**34**	**1,053,308**	**58**	**90**	**101**
MISSISSIPPI												
Biloxi - Gulfport	195.4	0.0821	2.84	109,813	103,192	209	56,525	55	36,304	35	116	95
Jackson	391.1	0.1640	2.86	147,035	144,609	328	74,878	52	51,924	36	82	119
Pascagoula	126.2	0.0530	2.97	41,982	39,677	85	21,734	55	13,958	35	62	126
Non-Metro Portion of State	1,854.4	0.7783	2.94	397,254	385,277	1,246	218,781	57	123,338	32	49	96
State Total	**2,627.2**	**1.1026**	**2.92**	**704,789**	**681,460**	**1,895**	**377,630**	**55**	**227,961**	**33**	**59**	**102**
MISSOURI												
Columbia	107.4	0.0450	2.80	51,631	48,898	101	22,515	46	20,962	43	94	113
Joplin	132.9	0.0557	2.67	62,401	59,596	157	27,443	46	25,549	43	81	64
Kansas City	1,473.1	0.6185	2.67	819,676	784,188	1,548	363,283	46	348,317	44	102	112
St. Joseph	86.8	0.0365	2.70	43,387	39,917	94	18,379	46	17,113	43	73	86
St. Louis	2,398.9	1.0067	2.77	1,275,534	1,176,296	2,381	558,567	47	464,235	39	92	104
Springfield	222.6	0.0934	2.67	117,891	110,103	260	53,102	48	41,637	38	90	85
Non-Metro Portion of State	1,761.3	0.7392	2.78	495,493	465,913	1,751	226,128	49	204,349	44	62	63
State Total	**5,046.6**	**2.1180**	**2.74**	**2,389,506**	**2,250,102**	**5,254**	**1,034,073**	**46**	**956,094**	**42**	**87**	**92**
MONTANA												
Billings	120.1	0.0504	2.56	84,220	69,461	162	25,858	37	39,735	57	95	88
Great Falls	80.2	0.0337	2.58	45,606	36,678	108	13,653	37	20,983	57	100	77
Non-Metro Portion of State	627.3	0.2632	2.65	316,820	240,652	858	86,472	36	143,541	60	74	72
State Total	**827.6**	**0.3473**	**2.63**	**446,646**	**346,791**	**1,128**	**125,983**	**36**	**204,259**	**59**	**80**	**75**
NEBRASKA												
Lincoln	205.3	0.0861	2.60	107,150	95,057	230	41,227	43	47,255	50	112	101
Omaha	608.7	0.2553	2.68	333,973	294,038	630	127,212	43	146,201	50	98	105
Non-Metro Portion of State	874.4	0.3672	2.66	318,444	266,372	1,090	111,643	42	136,215	51	76	59
State Total	**1,619.4**	**0.6797**	**2.66**	**727,182**	**627,109**	**1,875**	**266,558**	**43**	**316,856**	**51**	**90**	**79**
NEVADA												
Las Vegas	540.4	0.2267	2.52	396,279	346,816	536	124,761	36	173,642	50	101	644
Reno	215.0	0.0903	2.38	159,252	145,649	256	51,598	35	83,694	57	95	368
Non-Metro Portion of State	165.0	0.0692	2.56	86,938	73,475	207	26,400	36	39,394	54	66	436
State Total	**920.4**	**0.3862**	**2.49**	**642,469**	**565,940**	**999**	**202,759**	**36**	**296,730**	**52**	**93**	**530**
NEW HAMPSHIRE												
Manchester - Nashua	295.3	0.1239	2.78	179,555	175,631	329	55,452	32	103,474	59	101	106
Portsmouth - Dover - Rochester	302.5	0.1270	2.80	181,339	175,383	341	52,010	30	108,477	62	92	93
Non-Metro Portion of State	384.6	0.1614	2.70	206,429	203,194	515	60,257	30	125,675	62	76	85
State Total	**982.4**	**0.4123**	**2.75**	**567,323**	**554,208**	**1,185**	**167,719**	**30**	**337,626**	**61**	**88**	**93**

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RGI Metro Report

STATE Metro Name	12/31/84			1984								
	Population (Thous.)	% Of U.S.	Average House-hold Size	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
NEW JERSEY												
Atlantic City	302.8	0.1271	2.58	295,666	256,606	477	81,051	32	149,743	58	132	226
Bergen - Passaic	1,281.1	0.5376	2.73	796,727	719,985	1,280	194,470	27	402,262	56	97	106
Jersey City	548.2	0.2301	2.61	182,202	144,142	426	50,255	35	76,371	53	54	110
Middlesex - Somerset - Hunterdon	920.0	0.3861	2.87	467,731	393,708	842	122,857	31	221,243	56	74	112
Monmouth - Ocean	932.2	0.3912	2.68	503,296	428,547	896	138,038	32	253,668	59	83	88
Newark	1,868.4	0.7842	2.79	901,796	777,479	1,614	234,119	30	390,858	50	82	122
Trenton	312.4	0.1311	2.81	166,470	143,816	289	44,874	31	77,509	54	87	122
Vineland - Millville - Bridgeton	137.6	0.0578	2.91	45,101	37,680	110	12,010	32	20,459	54	50	94
State Total	**7,545.8**	**3.1669**	**2.77**	**3,921,565**	**3,394,956**	**6,833**	**1,069,006**	**31**	**1,841,823**	**54**	**85**	**120**
NEW MEXICO												
Albuquerque	465.1	0.1952	2.64	282,406	265,571	558	110,694	42	122,575	46	110	91
Las Cruces	110.9	0.0466	2.94	46,772	43,795	102	19,181	44	20,260	46	104	90
Santa Fe	102.5	0.0431	2.66	61,633	59,181	141	27,175	46	27,425	46	109	91
Non-Metro Portion of State	772.6	0.3241	2.95	316,037	284,375	813	129,663	46	132,767	47	71	78
State Total	**1,451.1**	**0.6090**	**2.82**	**706,848**	**653,022**	**1,614**	**286,713**	**44**	**303,027**	**46**	**88**	**85**
NEW YORK												
Albany - Schenectady - Troy	863.5	0.3622	2.70	373,836	339,024	945	114,753	34	192,586	57	74	89
Binghamton	268.3	0.1126	2.75	115,341	101,759	255	37,160	37	57,803	57	75	101
Buffalo	990.2	0.4156	2.72	505,335	443,155	[illegible]	158,672	36	221,524	50	84	77
Elmira	96.5	0.0405	2.80	40,657	36,123	[illegible]	10,460	29	19,929	55	88	88
Glens Falls	115.6	0.0485	2.89	57,449	52,510	185	15,205	29	28,970	55	80	67
Nassau - Suffolk	2,686.3	1.1274	3.12	1,411,664	1,302,330	2,698	388,873	30	689,251	53	84	87
New York	8,391.1	3.5216	2.53	4,945,191	4,645,074	8,491	1,133,091	24	2,671,287	58	140	114
Niagara Falls	219.3	0.0921	2.75	89,572	79,926	275	30,050	38	37,261	47	76	72
Orange County	278.9	0.1171	3.05	93,016	85,214	278	31,218	37	46,306	54	57	78
Poughkeepsie	262.0	0.1099	2.96	97,330	88,374	257	25,591	29	48,755	55	66	96
Rochester	998.2	0.4189	2.75	504,140	461,488	993	152,662	33	251,964	55	95	101
Syracuse	659.3	0.2766	2.82	304,007	268,151	677	89,811	33	147,810	55	78	97
Utica - Rome	322.6	0.1353	2.82	124,169	114,125	332	38,945	34	59,718	52	74	78
Non-Metro Portion of State	1,763.7	0.7405	2.87	638,278	558,472	1,812	212,271	38	290,775	52	74	87
State Total	**17,915.5**	**7.5188**	**2.71**	**9,299,985**	**8,575,725**	**18,445**	**2,438,762**	**28**	**4,763,939**	**56**	**104**	**99**
NORTH CAROLINA												
Asheville	166.7	0.0700	2.57	97,243	94,261	187	50,877	54	34,797	37	104	98
Burlington	99.5	0.0418	2.66	56,724	56,132	100	30,295	54	20,720	37	96	99
Charlotte - Gastonia - Rock Hill	1,031.6	0.4329	2.74	500,340	487,559	1,000	269,025	55	175,607	36	83	109
Fayetteville	263.4	0.1105	3.18	111,925	106,233	225	57,337	54	39,216	37	104	93
Greensboro - Winston-Salem - High Point	891.6	0.3742	2.67	471,419	462,374	931	226,309	49	166,998	36	110	99
Hickory	214.7	0.0901	2.75	93,411	92,374	203	50,519	55	34,068	37	88	108
Jacksonville	120.9	0.0508	3.55	46,763	40,330	95	21,767	54	14,888	37	93	76
Raleigh - Durham	617.0	0.2588	2.69	346,086	336,541	651	168,143	50	128,565	38	108	109
Wilmington	111.5	0.0468	2.65	73,833	71,768	149	38,735	54	26,493	37	115	80
Non-Metro Portion of State	2,815.7	1.1819	2.81	934,545	918,594	2,410	523,053	57	338,251	37	74	90
State Total	**6,215.9**	**2.6088**	**2.77**	**2,683,168**	**2,618,415**	**5,868**	**1,410,869**	**54**	**962,472**	**37**	**88**	**97**
NORTH DAKOTA												
Bismarck	90.1	0.0377	2.85	47,238	42,975	79	18,042	42	22,685	53	113	136
Fargo - Moorhead	145.9	0.0613	2.75	84,873	73,086	154	29,304	40	39,495	54	120	105
Grand Forks	70.0	0.0294	2.99	28,913	24,034	69	10,091	42	12,687	53	102	108
Non-Metro Portion of State	435.7	0.1828	2.86	159,465	124,327	465	47,773	38	69,242	56	72	71
State Total	**692.4**	**0.2905**	**2.85**	**297,050**	**245,420**	**716**	**98,613**	**40**	**133,163**	**54**	**91**	**89**

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	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
OHIO												
Akron	649.6	0.2726	2.70	333,289	307,994	666	123,225	40	166,178	54	96	93
Canton	407.7	0.1711	2.77	185,610	170,835	442	74,597	44	87,480	51	84	77
Cincinnati	1,403.5	0.5891	2.70	800,798	729,443	1,428	306,880	42	346,359	47	106	101
Cleveland	1,859.1	0.7803	2.63	985,155	897,161	1,824	354,549	40	454,048	51	95	101
Columbus	1,281.2	0.5379	2.65	716,689	663,392	1,426	325,539	49	279,077	42	108	96
Dayton - Springfield	926.9	0.3890	2.64	462,196	425,824	983	214,677	50	169,455	40	98	92
Hamilton - Middletown	271.9	0.1142	2.84	105,791	95,949	229	43,773	46	43,535	45	85	91
Lima	157.9	0.0663	2.80	74,545	69,548	182	31,729	46	31,555	45	98	75
Lorain - Elyria	274.4	0.1152	2.88	94,131	82,069	222	37,440	46	37,236	45	68	102
Mansfield	130.2	0.0546	2.71	57,046	51,863	150	23,661	46	23,531	45	94	76
Parkersburg - Marietta	159.0	0.0667	2.71	69,568	63,362	154	32,871	52	24,888	39	88	91
Steubenville - Weirton	156.4	0.0657	2.71	51,332	45,218	147	23,079	51	18,130	40	62	80
Toledo	618.4	0.2595	2.70	379,316	347,003	666	135,783	39	175,346	51	104	93
Youngstown - Warren	518.5	0.2176	2.72	218,219	195,415	515	95,045	49	83,216	43	86	80
Non-Metro Portion of State	2,321.0	0.9739	2.80	728,687	678,487	2,231	324,573	48	278,886	41	73	75
State Total	**10,813.8**	**4.5384**	**2.71**	**5,083,628**	**4,656,794**	**10,944**	**2,064,706**	**44**	**2,150,581**	**46**	**93**	**90**
OKLAHOMA												
Enid	66.1	0.0277	2.59	42,352	40,276	89	20,275	50	14,711	37	110	71
Lawton	116.9	0.0490	3.13	62,134	58,503	109	29,450	50	21,369	37	107	90
Oklahoma City	971.8	0.4079	2.63	792,565	766,190	1,292	364,710	48	293,927	38	142	88
Tulsa	738.4	0.3098	2.63	453,135	439,588	845	224,235	51	154,387	35	117	92
Non-Metro Portion of State	1,420.3	0.5962	2.68	511,709	501,097	1,370	261,366	52	182,121	36	76	72
State Total	**3,348.6**	**1.4054**	**2.67**	**1,866,818**	**1,810,499**	**3,736**	**902,476**	**50**	**668,285**	**37**	**108**	**82**
OREGON												
Eugene - Springfield	269.1	0.1129	2.58	143,784	132,725	337	61,411	46	62,812	47	112	81
Medford	137.5	0.0578	2.66	64,210	58,730	157	22,342	38	31,856	54	106	73
Portland	1,140.6	0.4786	2.56	771,397	699,383	1,371	242,103	35	396,239	57	137	97
Salem	255.6	0.1073	2.73	120,681	110,469	308	47,042	43	52,400	47	119	59
Non-Metro Portion of State	890.5	0.3737	2.70	439,163	403,330	1,254	159,555	40	220,395	55	97	60
State Total	**2,693.3**	**1.1303**	**2.63**	**1,539,235**	**1,404,637**	**3,427**	**532,453**	**38**	**763,702**	**54**	**117**	**78**
PENNSYLVANIA												
Allentown - Bethlehem	654.6	0.2748	2.64	294,729	271,418	663	100,101	37	132,004	49	88	91
Altoona	136.4	0.0573	2.68	48,746	44,025	130	16,780	38	21,930	50	65	84
Beaver County	201.5	0.0845	2.74	57,023	46,734	137	21,416	46	22,084	47	50	116
Erie	285.6	0.1198	2.78	126,401	112,139	245	50,515	45	51,747	46	86	104
Harrisburg - Lebanon - Carlisle	575.6	0.2416	2.63	287,526	258,831	581	104,075	40	126,682	49	79	112
Johnstown	263.9	0.1108	2.75	67,054	57,766	186	27,846	48	26,808	46	56	99
Lancaster	382.8	0.1607	2.80	186,829	171,924	366	59,362	35	104,218	61	87	114
Philadelphia	4,770.0	2.0019	2.75	2,377,929	2,096,760	4,040	754,682	36	1,032,899	49	96	114
Pittsburgh	2,175.0	0.9128	2.59	1,081,061	958,610	2,036	338,675	35	497,603	52	95	97
Reading	321.8	0.1350	2.61	160,859	147,028	349	56,950	39	81,301	55	96	91
Scranton - Wilkes-Barre	737.1	0.3094	2.65	312,761	287,367	766	108,716	38	137,311	48	85	94
Sharon	128.7	0.0540	2.75	49,473	43,490	126	16,579	38	21,663	50	84	71
State College	116.0	0.0487	2.98	56,808	54,281	112	20,689	38	27,040	50	116	81
Williamsport	119.9	0.0503	2.72	42,842	36,296	115	13,835	38	18,081	50	60	88
York	397.6	0.1669	2.70	154,985	140,555	388	56,923	40	69,304	49	82	98
Non-Metro Portion of State	1,874.5	0.7865	2.75	565,479	502,373	1,584	207,954	41	227,590	45	69	75
State Total	**11,965.4**	**5.0217**	**2.69**	**5,327,320**	**4,752,922**	**10,965**	**1,771,480**	**37**	**2,356,607**	**50**	**87**	**98**
RHODE ISLAND												
Providence - Pawtucket - Woonsocket	878.7	0.3687	2.76	440,653	399,833	992	130,833	33	229,334	57	98	83

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STATE Metro Name	12/31/84 Population (Thous.)	% Of U.S.	Average Household Size	1984 Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
RHODE ISLAND *continued*												
Non-Metro Portion of State	84.3	0.0354	2.87	80,521	74,871	138	21,031	28	46,617	62	230	68
State Total	**963.0**	**0.4041**	**2.77**	**521,174**	**474,704**	**1,130**	**151,864**	**32**	**275,951**	**58**	**108**	**81**
SOUTH CAROLINA												
Anderson	144.2	0.0606	2.72	46,522	46,349	127	24,452	53	16,629	36	73	92
Charleston	484.0	0.2032	2.99	232,541	222,313	367	111,656	50	73,599	33	102	122
Charlotte - Gastonia - Rock Hill	1,031.6	0.4329	2.74	500,340	487,559	1,000	269,025	55	175,607	36	83	109
Columbia	440.3	0.1848	2.86	212,670	207,289	424	111,726	54	69,976	34	119	104
Florence	117.2	0.0492	2.91	40,961	40,477	103	21,355	53	14,520	36	77	115
Greenville - Spartanburg	605.0	0.2538	2.72	257,667	251,817	627	144,533	57	82,215	33	87	91
Non-Metro Portion of State	1,333.4	0.5595	2.91	473,794	455,762	1,110	210,793	46	194,046	43	80	118
State Total	**3,353.4**	**1.4074**	**2.86**	**1,343,043**	**1,301,125**	**2,924**	**665,933**	**51**	**476,479**	**37**	**88**	**109**
SOUTH DAKOTA												
Rapid City	75.3	0.0316	2.67	47,376	43,709	109	14,877	34	25,689	59	103	91
Sioux Falls	119.6	0.0502	2.59	65,396	56,795	132	20,453	36	32,597	57	100	112
Non-Metro Portion of State	518.6	0.2177	2.77	178,126	146,810	584	50,666	35	87,405	60	74	64
State Total	**713.7**	**0.2995**	**2.73**	**290,898**	**247,314**	**825**	**85,996**	**35**	**145,691**	**59**	**83**	**76**
TENNESSEE												
Chattanooga	433.6	0.1820	2.73	179,364	175,161	407	90,379	52	71,477	41	71	105
Clarksville - Hopkinsville	155.5	0.0652	3.10	58,827	54,155	134	28,009	52	20,937	39	90	84
Jackson	76.3	0.0320	2.71	39,044	37,424	87	19,037	51	15,523	41	93	89
Johnson City - Kingsport - Bristol	446.7	0.1874	2.73	158,317	155,403	355	94,436	61	42,875	28	73	61
Knoxville	591.3	0.2481	2.64	398,492	384,727	637	181,632	47	164,074	43	108	110
Memphis	927.2	0.3891	2.85	411,332	399,282	852	210,150	53	139,398	35	83	112
Nashville	899.8	0.3777	2.74	472,872	461,017	922	193,753	42	220,412	48	101	115
Non-Metro Portion of State	1,608.0	0.6750	2.79	367,025	357,015	1,229	182,666	51	148,891	42	53	90
State Total	**4,759.9**	**1.9977**	**2.75**	**1,988,449**	**1,929,011**	**4,373**	**941,486**	**49**	**796,374**	**41**	**82**	**101**
TEXAS												
Abilene	120.7	0.0506	2.85	90,576	85,211	144	38,520	45	34,651	41	120	80
Amarillo	193.3	0.0811	2.67	140,180	130,415	258	58,953	45	53,031	41	122	85
Austin	657.0	0.2757	2.67	498,256	452,581	831	200,828	44	196,987	44	137	95
Beaumont - Port Arthur	397.4	0.1669	2.84	207,230	187,982	341	84,470	45	77,862	41	92	108
Brazoria	203.1	0.0852	3.12	68,132	64,855	161	35,521	55	22,250	34	60	121
Brownsville - Harlingen	241.5	0.1013	3.56	113,663	105,478	233	47,682	45	42,891	41	87	97
Bryan - College Station	111.3	0.0468	2.80	87,437	79,432	139	35,909	45	32,300	41	121	73
Corpus Christi	358.0	0.1503	3.10	223,382	198,159	386	94,737	48	81,048	41	96	93
Dallas	2,238.4	0.9395	2.71	1,732,211	1,623,373	2,401	676,889	42	694,709	43	136	126
El Paso	538.3	0.2259	3.41	251,954	219,251	443	102,801	47	83,005	38	113	102
Fort Worth - Arlington	1,141.0	0.4788	2.76	767,347	712,894	1,199	334,675	47	275,344	39	112	105
Galveston - Texas City	214.8	0.0902	2.80	133,295	126,229	224	57,063	45	51,328	41	95	106
Houston	3,176.8	1.3333	2.78	2,278,330	2,105,879	3,116	845,781	40	938,911	45	119	127
Killeen - Temple	237.1	0.0995	3.18	112,353	110,107	200	49,777	45	44,772	41	117	84
Laredo	117.1	0.0491	3.83	57,258	55,755	96	25,205	45	22,671	41	71	91
Longview - Marshall	169.7	0.0712	2.81	109,357	103,351	210	46,719	45	42,027	41	98	77
Lubbock	225.0	0.0944	2.86	146,877	136,105	264	61,539	45	52,147	38	123	89
McAllen - Edinburg - Mission	340.8	0.1431	3.72	121,562	113,578	241	48,320	43	39,002	34	83	81
Midland	104.8	0.0440	2.77	85,896	78,392	117	35,439	45	31,877	41	101	96
Odessa	137.5	0.0578	2.79	131,928	116,834	160	52,814	45	47,509	41	122	90
San Angelo	95.5	0.0401	2.78	67,664	63,644	107	28,771	45	25,882	41	114	79
San Antonio	1,190.7	0.4998	3.02	762,439	700,662	1,219	306,031	44	270,068	39	119	103
Sherman - Denison	95.7	0.0402	2.64	45,549	44,081	94	19,927	45	17,924	41	99	76
Texarkana	119.5	0.0502	2.76	59,686	57,824	121	28,139	49	22,380	39	96	82

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STATE Metro Name	12/31/84 Population (Thous.)	12/31/84 % Of U.S.	12/31/84 Average Household Size	1984 Eating & Drinking Place Sales ($000)	1984 Eating Place Sales ($000)	1984 Eating Place Units	1984 Fast Food Sales ($000)	1984 Fast Food Market Share (%)	1984 Restaurant Sales ($000)	1984 Restaurant Market Share (%)	RAI	RGI
TEXAS *continued*												
Tyler	149.0	0.0625	2.78	73,487	73,294	143	33,134	45	29,804	41	106	86
Victoria	77.6	0.0325	2.97	46,137	40,142	91	18,147	45	16,323	41	88	73
Waco	185.9	0.0780	2.76	105,819	97,735	201	44,181	45	39,744	41	104	91
Wichita Falls	124.3	0.0522	2.81	77,851	72,954	144	32,979	45	29,665	41	121	89
Non-Metro Portion of State	3,244.6	1.3614	2.86	1,035,690	995,836	2,999	540,409	54	386,078	39	67	63
State Total	**16,167.6**	**6.7853**	**2.86**	**9,613,868**	**8,935,932**	**16,242**	**3,976,082**	**44**	**3,696,774**	**41**	**107**	**100**
UTAH												
Provo - Orem	255.7	0.1073	3.71	52,784	51,382	175	24,109	47	23,928	47	63	90
Salt Lake City - Ogden	1,032.7	0.4334	3.09	381,863	368,349	875	173,323	47	165,821	45	80	113
Non-Metro Portion of State	392.1	0.1645	3.31	121,229	115,630	403	48,112	42	64,341	56	66	78
State Total	**1,680.5**	**0.7052**	**3.22**	**555,876**	**535,361**	**1,453**	**245,544**	**46**	**254,090**	**47**	**74**	**101**
VERMONT												
Burlington	126.0	0.0528	2.84	87,479	82,746	150	23,416	28	50,545	61	113	110
Non-Metro Portion of State	407.4	0.1711	2.72	207,133	189,256	552	53,748	28	115,975	61	83	83
State Total	**533.4**	**0.2239**	**2.74**	**294,612**	**272,002**	**702**	**77,164**	**28**	**166,520**	**61**	**91**	**89**
VIRGINIA												
Charlottesville	120.7	0.0506	2.85	59,173	57,687	126	26,831	47	24,353	42	82	110
Danville	112.5	0.0472	2.81	37,721	37,144	103	17,264	46	15,675	42	78	93
Lynchburg	145.0	0.0609	2.95	61,428	60,691	144	28,211	46	25,610	42	85	96
Norfolk - Virginia Beach - Newport News	1,260.9	0.5294	3.00	604,894	588,388	1,316	271,224	46	265,395	45	115	105
Richmond - Petersburg	799.9	0.3360	2.82	365,303	358,819	886	179,263	50	143,781	40	89	99
Roanoke	224.3	0.0942	2.69	111,853	108,503	231	50,480	47	45,832	42	93	109
Non-Metro Portion of State	1,670.2	0.7005	2.95	460,858	454,604	1,362	235,087	52	159,255	35	64	100
State Total	**5,692.4**	**2.3890**	**2.87**	**2,516,820**	**2,472,867**	**5,414**	**1,120,206**	**45**	**1,056,762**	**43**	**93**	**110**
WASHINGTON												
Bellingham	113.9	0.0478	2.62	75,478	68,128	157	23,886	35	38,781	57	113	65
Bremerton	169.5	0.0712	2.75	75,932	65,066	133	22,812	35	37,038	57	96	92
Olympia	140.7	0.0591	2.59	77,565	71,968	157	25,233	35	40,967	57	95	76
Richland - Kennewick - Pasco	153.0	0.0642	2.72	69,193	61,195	149	21,455	35	34,833	57	80	110
Seattle	1,899.9	0.7134	2.51	1,347,912	1,255,926	2,055	397,573	32	710,290	57	133	102
Spokane	354.4	0.1487	2.57	211,573	196,441	374	78,984	40	103,679	53	107	93
Tacoma	519.1	0.2179	2.67	275,378	251,097	457	96,518	38	142,117	57	113	88
Vancouver	208.2	0.0874	2.70	98,020	85,913	193	36,594	43	45,437	53	103	90
Yakima	180.7	0.0758	2.72	84,863	76,175	188	26,706	35	43,363	57	85	75
Non-Metro Portion of State	847.0	0.3554	2.61	411,896	363,350	987	131,689	36	223,556	62	81	70
State Total	**4,386.4**	**1.8409**	**2.59**	**2,727,810**	**2,495,259**	**4,850**	**861,450**	**35**	**1,420,061**	**57**	**111**	**90**
WEST VIRGINIA												
Charleston	269.3	0.1131	2.58	107,953	103,670	251	57,596	56	37,008	36	73	101
Huntington - Ashland	341.0	0.1430	2.74	126,960	122,145	266	80,698	66	31,798	26	82	98
Parkersburg - Marietta	159.0	0.0667	2.71	69,568	63,362	154	32,871	52	24,888	39	88	91
Steubenville - Weirton	156.4	0.0657	2.71	51,332	45,218	147	23,079	51	18,130	40	62	80
Wheeling	183.1	0.0768	2.63	70,697	63,228	162	32,445	51	25,181	40	72	80
Non-Metro Portion of State	1,258.9	0.5282	2.78	298,531	286,652	904	164,666	57	100,503	35	54	95
State Total	**1,972.5**	**0.8278**	**2.72**	**601,483**	**572,038**	**1,551**	**331,592**	**58**	**194,530**	**34**	**65**	**95**

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	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
WISCONSIN												
Appleton - Oshkosh - Neenah	298.4	0.1252	2.76	135,123	112,759	310	44,542	40	57,432	51	98	93
Eau Claire	136.9	0.0574	2.81	64,477	51,811	135	18,569	36	30,023	58	101	90
Green Bay	182.0	0.0764	2.73	102,572	88,390	206	31,604	36	51,106	58	142	92
Janesville - Beloit	139.5	0.0585	2.71	66,529	53,643	161	19,179	36	31,015	58	86	72
Kenosha	122.5	0.0514	2.72	60,463	48,068	120	17,188	36	27,790	58	79	87
La Crosse	93.4	0.0392	2.72	55,465	45,949	115	16,429	36	26,567	58	105	92
Madison	334.7	0.1404	2.54	230,999	196,791	416	73,640	37	115,380	59	134	101
Milwaukee	1,390.9	0.5839	2.66	731,403	628,858	1,442	230,178	37	348,632	55	99	99
Racine	173.2	0.0727	2.78	72,884	62,448	180	22,329	36	36,105	58	81	86
Sheboygan	101.4	0.0426	2.74	39,339	32,532	100	11,633	36	18,808	58	81	87
Wausau	114.6	0.0481	2.80	34,252	29,324	98	10,485	36	16,953	58	69	93
Non-Metro Portion of State	1,611.0	0.6761	2.75	654,629	529,346	1,906	159,704	30	344,118	65	84	66
State Total	**4,788.3**	**2.0096**	**2.71**	**2,293,836**	**1,915,015**	**5,290**	**669,834**	**35**	**1,123,326**	**59**	**96**	**84**
WYOMING												
Casper	76.2	0.0319	2.67	45,454	40,392	87	16,674	41	20,869	52	81	133
Cheyenne	72.8	0.0305	2.61	45,613	41,442	85	16,554	40	21,236	51	123	120
Non-Metro Portion of State	366.6	0.1540	2.79	235,104	191,100	464	77,232	40	99,061	52	82	116
State Total	**515.6**	**0.2164**	**2.75**	**326,171**	**272,934**	**636**	**110,460**	**40**	**141,166**	**52**	**86**	**119**
United States Total	**238,274.7**	**100.0000**	**2.74**	**124,035,013**	**114,779,696**	**241,691**	**45,622,567**	**40**	**56,309,002**	**49**	**100**	**100**

Sales by Area of Dominant Influence (ADI)

This 13th installment of the ADI Report provides sales, unit counts, market share, RAI and RGI indexes for 214 Areas of Dominant Influences (ADIs) for a TV signal. Each area includes major cities and nearby counties.

	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Abilene - Sweetwater	316.2	0.1326	2.74	160,993	152,147	348	74,315	49	60,776	40	92	69
Albany, Ga.	389.7	0.1633	2.98	121,681	117,529	291	67,439	57	40,371	34	72	106
Albany - Schenectady - Troy	1,315.7	0.5522	2.72	585,353	531,598	1,504	174,189	33	305,190	57	75	84
Albuquerque	1,181.3	0.4957	2.86	559,927	519,292	1,303	223,490	43	244,003	47	90	86
Alexandria, La.	309.9	0.1300	2.94	106,233	98,594	239	40,799	41	38,213	39	83	91
Alexandria, Minn.	166.3	0.0697	2.81	52,006	47,853	184	16,523	35	28,651	60	66	58
Alpena	41.9	0.0175	2.70	11,189	8,462	37	3,379	40	4,666	55	52	73
Amarillo	479.0	0.2010	2.76	247,087	232,742	568	112,676	48	94,002	40	92	73
Anniston	124.9	0.0524	2.88	31,992	31,285	82	18,255	58	9,554	31	76	107
Ardmore - Ada	199.7	0.0839	2.67	69,290	67,769	180	35,415	52	24,670	36	82	73
Atlanta	3,189.1	1.3387	2.77	1,826,780	1,738,541	3,224	863,522	50	664,552	38	119	113
Augusta	597.5	0.2507	2.92	171,608	164,937	440	92,190	56	50,620	31	70	103

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ADI Report

	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Austin, Tex.	802.0	0.3367	2.68	567,025	516,881	987	235,635	46	221,872	43	127	88
Bakersfield	460.5	0.1932	2.84	259,163	244,599	502	107,135	44	122,854	50	99	86
Baltimore	2,429.2	1.0196	2.78	1,320,713	1,176,051	2,184	500,140	43	494,990	42	103	108
Bangor	347.0	0.1457	2.80	136,557	134,046	366	52,442	39	71,315	53	75	78
Baton Rouge	763.3	0.3206	3.00	368,314	340,826	572	178,916	52	106,006	31	90	123
Beaumont - Port Arthur	476.2	0.2001	2.83	219,800	200,552	389	91,361	46	82,783	41	86	104
Bend	67.8	0.0284	2.70	34,402	32,274	110	12,752	40	17,615	55	96	64
Billings - Hardin	224.7	0.0946	2.61	133,906	107,065	282	39,850	37	61,555	57	82	85
Biloxi - Gulfport - Pascagoula	176.9	0.0743	2.84	104,760	99,002	190	54,276	55	34,859	35	128	98
Binghamton	433.6	0.1820	2.78	158,189	139,631	401	51,924	37	76,696	55	66	92
Birmingham	1,371.4	0.5755	2.71	406,046	392,947	1,008	220,678	56	124,682	32	66	101
Bluefield - Beckley - Oak Hill	390.4	0.1636	2.79	98,309	96,442	266	54,439	56	33,619	35	53	105
Boise	430.2	0.1803	2.81	201,603	182,463	513	72,644	40	97,003	53	87	78
Boston	5,469.5	2.2956	2.71	4,156,595	3,892,024	6,209	1,078,102	28	2,276,870	59	135	106
Bowling Green	104.8	0.0439	2.82	50,986	48,340	112	30,522	63	14,812	31	94	89
Bristol - Kingsport - Johnson City	787.3	0.3302	2.83	223,096	218,621	550	127,763	58	66,061	30	64	81
Buffalo	1,714.0	0.7194	2.76	772,064	676,858	1,926	247,588	37	337,907	50	80	76
Burlington - Plattsburgh	623.5	0.2615	2.83	300,962	273,694	729	82,985	30	162,632	59	85	92
Butte	124.6	0.0522	2.67	69,548	52,696	192	18,900	36	31,372	60	86	73
Casper - Riverton	156.7	0.0657	2.78	86,657	74,143	194	30,403	41	38,471	52	77	107
Cedar Rapids - Waterloo - Dubuque	893.7	0.3752	2.71	349,195	298,897	994	130,012	43	144,970	49	79	76
Charleston, S.C.	604.3	0.2537	2.99	274,806	264,467	458	131,108	50	91,513	35	97	117
Charleston - Huntington	1,481.7	0.6218	2.80	427,026	407,107	1,079	235,607	58	136,813	34	65	96
Charlotte	1,800.3	0.7553	2.76	766,274	749,774	1,674	413,494	55	273,598	36	79	104
Charlottesville	100.9	0.0423	2.83	58,350	56,864	120	26,433	46	23,995	42	87	107
Chattanooga	825.0	0.3462	2.78	286,804	281,484	717	150,059	53	110,719	39	64	103
Cheyenne	79.8	0.0335	2.61	46,401	42,199	94	16,876	40	21,630	51	121	112
Chicago	8,493.3	3.5647	2.80	4,266,195	3,956,538	8,501	1,512,409	38	2,026,754	51	115	107
Chico - Redding	388.2	0.1628	2.58	179,792	167,306	478	61,924	37	94,108	56	76	62
Cincinnati	1,913.5	0.8033	2.74	953,049	868,301	1,833	374,570	43	405,545	47	97	97
Clarksburg Weston	244.9	0.1028	2.72	67,687	64,934	208	37,404	58	22,821	35	64	78
Cleveland	3,801.0	1.5954	2.70	1,829,785	1,670,560	3,773	690,883	41	832,769	50	90	94
Colorado Springs - Pueblo	582.0	0.2443	2.70	297,110	269,321	664	108,179	40	130,540	48	96	86
Columbia, S.C.	774.8	0.3252	2.90	292,964	286,448	658	148,392	52	103,730	36	101	105
Columbia - Jefferson City	432.2	0.1814	2.82	164,983	156,001	437	74,408	48	67,860	43	78	88
Columbus, Ga.	537.6	0.2257	2.90	160,235	153,726	390	88,579	58	51,378	33	78	99
Columbus - Tupelo	443.4	0.1861	2.88	78,183	75,290	286	43,122	57	24,090	32	40	103
Columbus, Ohio	1,734.5	0.7280	2.68	845,213	785,610	1,838	384,603	49	328,634	42	100	92
Corpus Christi	526.3	0.2209	3.10	295,139	266,976	560	132,045	49	107,722	40	89	83
Dallas - Ft. Worth	4,111.5	1.7256	2.72	2,745,685	2,573,930	4,245	1,137,209	44	1,062,542	41	120	112
Davenport - Rock Island - Moline	878.0	0.3685	2.67	372,002	321,636	1,022	153,267	48	139,769	43	87	63
Dayton	1,364.8	0.5728	2.69	600,661	556,978	1,419	280,059	50	221,697	40	91	86
Denver	2,578.8	1.0823	2.57	1,799,773	1,661,064	3,138	533,028	32	940,810	57	109	100
Des Moines	970.5	0.4072	2.58	414,612	370,883	1,137	162,445	44	172,867	47	73	80
Detroit	4,629.8	1.9431	2.77	2,248,116	2,058,874	4,281	804,859	39	1,032,540	50	103	103
Dothan	269.3	0.1129	2.80	69,780	68,418	197	42,345	62	21,213	31	60	93
Duluth - Superior	468.1	0.1966	2.67	203,393	169,209	569	56,975	34	103,462	61	77	67
El Centro - Yuma	191.6	0.0804	3.09	83,033	74,834	217	28,725	38	42,387	57	66	68
El Paso	672.5	0.2824	3.30	304,500	267,951	567	124,486	46	105,381	39	108	99
Elmira	240.2	0.1008	2.80	86,479	76,949	222	26,318	34	40,552	53	82	88
Erie	423.9	0.1779	2.77	177,729	156,463	376	68,800	44	71,766	46	84	94

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ADI Report

	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Eugene	427.4	0.1794	2.64	209,377	192,895	574	85,181	44	95,656	50	101	70
Eureka	149.4	0.0627	2.54	81,779	75,656	248	28,759	38	44,460	59	76	60
Evansville	718.1	0.3014	2.72	299,087	275,364	708	149,513	54	103,290	38	74	89
Fargo	596.7	0.2505	2.81	237,121	199,428	633	76,775	38	111,430	56	88	76
Flagstaff	87.4	0.0367	3.18	69,743	64,993	131	25,260	39	35,356	54	143	106
Flint - Saginaw - Bay City	1,267.8	0.5321	2.84	543,915	479,507	1,087	204,582	43	233,363	49	91	94
Florence, S.C.	403.8	0.1695	2.89	226,988	213,637	454	101,284	47	88,088	41	107	125
Ft. Myers - Naples	466.6	0.1958	2.41	274,113	259,236	501	97,751	38	145,365	56	89	81
Ft. Smith	374.2	0.1571	2.75	147,428	144,101	386	82,593	57	48,470	34	105	74
Ft. Wayne	663.9	0.2786	2.82	294,860	271,864	677	108,781	40	141,245	52	96	86
Fresno - Visalia	1,174.9	0.4931	2.92	480,893	444,314	1,200	202,228	46	225,525	51	83	75
Gainesville	208.2	0.0873	2.69	115,774	109,374	239	41,422	38	56,973	52	99	88
Glendive	14.2	0.0059	2.63	7,687	6,601	20	2,357	36	3,913	59	77	90
Grand Junction	181.9	0.0765	2.69	98,969	92,007	241	27,268	30	58,385	63	81	80
Grand Rapids - Kalamazoo - Battle Creek	1,630.4	0.6842	2.81	674,660	613,071	1,482	236,449	39	315,126	51	101	95
Great Falls	181.0	0.0759	2.63	87,704	67,379	246	24,789	37	39,467	59	79	68
Green Bay	993.1	0.4170	2.75	423,761	356,585	1,093	125,462	35	206,952	58	95	78
Greensboro - Winston-Salem - High Point	1,327.2	0.5571	2.70	616,884	605,539	1,280	305,700	50	219,636	36	98	99
Greenville - New Bern - Washington	649.7	0.2730	2.93	226,649	215,283	521	121,529	56	79,325	37	79	87
Greenville - Spartanburg - Asheville	1,635.6	0.6866	2.72	611,744	598,529	1,554	331,486	55	212,273	35	79	90
Greenwood - Greenville	264.3	0.1107	3.14	53,803	53,530	186	30,204	56	17,016	32	48	86
Hagerstown	116.6	0.0490	2.80	38,229	31,341	99	13,456	43	13,636	44	64	103
Harrisburg - York - Lancaster - Lebanon	1,423.9	0.5977	2.70	646,269	586,647	1,394	226,702	39	307,144	52	82	107
Harrisonburg	99.0	0.0416	2.97	37,870	35,966	104	18,468	51	12,414	35	80	85
Hartford - New Haven	2,241.8	0.9408	2.74	1,330,652	1,217,879	2,646	412,575	34	652,314	54	104	90
Helena	46.9	0.0196	2.54	30,020	22,735	66	8,114	36	13,468	59	79	96
Houston	3,927.7	1.6486	2.81	2,600,381	2,410,068	3,825	999,607	41	1,056,281	44	111	120
Huntsville - Decatur - Florence	704.2	0.2953	2.71	227,198	220,378	547	127,411	58	72,615	33	78	104
Idaho Falls - Pocatello	310.5	0.1307	3.15	105,488	96,813	302	39,079	40	52,266	54	68	83
Indianapolis	2,291.7	0.9616	2.76	1,189,485	1,108,775	2,401	540,926	49	435,991	39	108	93
Jackson, Miss.	806.9	0.3384	2.90	233,121	227,165	585	121,883	54	78,398	35	66	111
Jackson, Tenn.	122.0	0.0511	2.71	48,506	46,562	131	23,688	51	19,312	41	89	80
Jacksonville	1,109.7	0.4657	2.76	541,136	509,774	1,086	253,703	50	210,477	41	103	110
Johnstown - Altoona	806.6	0.3388	2.77	256,442	228,185	653	95,178	42	108,475	48	69	87
Jonesboro	183.8	0.0772	2.72	62,755	62,210	179	38,106	61	18,950	30	94	70
Joplin - Pittsburg	460.9	0.1934	2.63	153,013	147,290	514	74,107	50	59,110	40	72	64
Kansas City	1,855.8	0.7791	2.68	934,719	892,390	1,929	417,533	47	393,794	44	97	103
Knoxville	1,139.3	0.4780	2.73	534,975	518,836	1,015	255,761	49	214,888	41	88	104
La Crosse - Eau Claire	454.0	0.1904	2.78	206,266	166,374	463	56,608	34	99,854	60	89	81
Lafayette, Ind.	132.3	0.0556	2.88	71,883	66,026	134	32,068	49	27,396	41	124	102
Lafayette, La.	571.7	0.2399	2.94	281,332	261,347	474	112,842	43	83,180	32	94	100
Lake Charles	220.0	0.0925	2.89	85,398	78,904	157	34,951	44	28,010	35	65	117
Lansing	616.3	0.2587	2.87	271,270	246,816	548	110,778	45	116,145	47	101	102
Laredo	125.2	0.0525	3.79	58,954	57,451	106	26,157	46	23,352	41	70	86
Las Vegas	557.8	0.2340	2.52	402,011	350,882	553	126,224	36	175,828	50	100	631
Laurel - Hattiesburg	251.6	0.1058	2.87	73,238	70,651	184	39,933	57	22,501	32	60	95
Lexington	886.6	0.3720	2.82	347,504	335,266	781	190,526	57	117,350	35	84	101
Lima	113.9	0.0478	2.79	58,704	54,914	141	25,052	46	24,916	45	103	74
Lincoln - Hastings - Kearney	675.7	0.2836	2.62	284,542	246,910	823	105,735	43	123,666	50	91	72

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ADI Report

	12/31/84			1984								
					Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Little Rock	1,225.3	0.5140	2.77	459,532	450,910	1,140	256,727	57	149,526	33	91	88
Los Angeles	11,669.0	4.8972	2.78	7,848,470	7,451,960	12,475	2,688,223	36	4,126,130	55	123	102
Louisville	1,409.6	0.5920	2.81	630,609	589,752	1,208	326,927	55	206,798	35	92	107
Lubbock	432.1	0.1814	2.92	202,360	189,961	475	90,123	47	73,577	39	96	72
Macon	458.3	0.1923	2.93	169,167	163,500	375	90,654	55	57,716	35	81	110
Madison	523.6	0.2196	2.58	317,138	267,554	677	94,982	36	161,358	60	115	83
Mankato	64.9	0.0272	2.77	31,463	27,014	84	9,440	35	15,601	58	75	70
Marquette	158.7	0.0668	2.86	47,616	38,264	151	15,068	39	21,107	55	58	73
McAllen - Brownsville	635.3	0.2666	3.67	241,022	224,667	503	99,078	44	84,090	37	81	87
Medford	312.1	0.1311	2.66	146,348	133,167	390	51,466	39	73,408	55	93	64
Memphis	1,668.0	0.7001	2.87	552,288	533,742	1,378	285,844	54	186,103	35	69	101
Meridian	211.8	0.0889	2.85	51,584	50,511	146	29,541	58	15,823	31	56	100
Miami	2,967.0	1.2453	2.56	2,018,018	1,881,195	3,195	611,581	33	1,041,406	55	128	123
Milwaukee	1,882.4	0.7903	2.69	943,274	808,079	1,992	289,451	36	458,090	57	97	96
Minneapolis - St. Paul	3,182.1	1.3354	2.73	1,638,082	1,460,655	3,096	498,223	34	841,163	58	97	110
Minot - Bismarck - Dickinson	403.2	0.1690	2.88	178,462	141,014	406	55,046	39	77,984	55	80	91
Missoula	187.5	0.0788	2.60	92,232	72,963	258	26,097	36	43,308	59	76	68
Mobile - Pensacola	1,193.3	0.5008	2.83	492,962	459,163	983	232,752	51	171,685	37	80	106
Monroe - El Dorado	535.1	0.2242	2.86	155,457	146,619	364	67,302	46	45,947	31	71	94
Montgomery	496.9	0.2088	2.82	142,413	137,131	342	82,222	60	41,251	30	70	111
Nashville	1,836.5	0.7714	2.77	699,996	679,935	1,670	310,512	46	306,217	45	81	102
New Orleans	1,782.0	0.7480	2.81	1,204,096	1,121,934	1,650	447,623	40	453,782	40	119	124
New York	18,243.9	7.6566	2.70	10,032,533	9,181,919	18,009	2,487,716	27	5,146,897	56	105	107
Norfolk - Portsmouth - Newport News - Hampton	1,514.6	0.6359	2.97	692,895	675,643	1,549	320,022	47	297,295	44	109	102
North Platte	43.5	0.0184	2.69	17,361	14,895	46	6,178	41	7,540	51	93	94
Odessa - Midland	389.6	0.1633	2.86	281,588	255,838	463	121,240	47	102,977	40	97	80
Oklahoma City	1,587.3	0.6663	2.63	1,063,631	1,029,940	1,955	501,375	49	389,707	38	118	82
Omaha	929.9	0.3899	2.66	430,882	374,159	1,013	161,534	43	186,857	50	87	85
Orlando - Daytona Beach - Melbourne	1,800.2	0.7555	2.58	1,092,140	1,033,112	1,835	403,848	39	525,758	51	112	127
Ottumwa - Kirksville	78.6	0.0331	2.69	25,462	22,687	82	10,602	47	10,402	46	65	59
Paducah - Cape Girardeau - Harrisburg - Marion	861.6	0.3616	2.64	286,108	268,345	878	144,157	54	105,718	39	71	72
Palm Springs	784.7	0.3293	2.72	431,048	412,192	763	172,161	42	226,554	55	95	94
Panama City	194.9	0.0817	2.68	110,686	104,032	202	40,016	38	54,045	52	131	106
Parkersburg	92.9	0.0390	2.65	42,738	39,902	88	22,168	56	14,244	36	92	93
Peoria	586.4	0.2460	2.71	247,564	221,553	607	96,268	43	109,955	50	94	90
Philadelphia	7,258.6	3.0465	2.73	3,682,244	3,270,532	6,690	1,183,350	36	1,651,430	50	94	117
Phoenix	2,150.3	0.9024	2.63	1,161,357	1,072,704	2,153	390,785	36	565,523	53	87	106
Pittsburgh	3,322.5	1.3940	2.65	1,421,223	1,256,974	2,926	474,591	38	626,996	50	84	95
Portland, Ore	2,101.9	0.8821	2.62	1,253,499	1,137,357	2,519	419,719	37	629,411	55	124	84
Portland - Poland Spring	871.2	0.3656	2.71	465,959	451,523	1,110	160,353	36	257,544	57	87	84
Presque Isle	87.9	0.0369	2.99	23,504	22,733	70	8,889	39	12,093	53	56	92
Providence - New Bedford	1,558.7	0.6540	2.76	833,556	760,620	1,731	260,703	34	424,476	56	91	83
Quincy - Hannibal	331.9	0.1390	2.66	105,598	91,818	361	45,695	50	39,906	43	65	61
Raleigh - Durham	1,697.7	0.7123	2.83	731,042	713,149	1,571	379,073	53	267,097	37	91	100
Rapid City	265.7	0.1114	2.80	125,706	105,843	303	38,816	37	59,907	57	82	95
Reno	360.9	0.1516	2.48	233,767	211,167	443	75,366	36	119,540	57	84	388
Richmond	1,158.0	0.4861	2.86	448,725	441,440	1,152	222,474	50	173,069	39	79	100
Roanoke - Lynchburg	977.6	0.4104	2.88	339,890	333,321	881	161,935	49	131,883	40	77	105
Rochester, N.Y.	957.7	0.4019	2.75	493,858	451,838	963	149,101	33	246,755	55	96	102
Rochester - Mason City - Austin	386.2	0.1622	2.62	150,304	132,362	454	49,275	37	74,057	56	68	80
Rockford	518.3	0.2176	2.70	226,597	196,967	557	81,249	41	101,304	51	89	81

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ADI Name	12/31/84 Population (Thous.)	% Of U.S.	Average Household Size	1984 Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Roswell	173.4	0.0727	2.80	86,657	79,191	195	36,356	46	36,688	46	67	82
Sacramento - Stockton	2,520.5	1.0577	2.65	1,407,405	1,302,815	2,922	572,753	44	659,890	51	100	78
St. Joseph	136.0	0.0571	2.68	55,994	51,504	139	24,017	47	22,205	43	66	77
St. Louis	2,890.8	1.2129	2.77	1,398,588	1,285,997	2,820	614,196	48	511,441	40	88	97
Salinas - Monterey	570.9	0.2397	2.86	345,671	324,305	728	116,875	36	195,897	60	124	82
Salisbury	228.9	0.0960	2.73	188,888	177,518	305	73,566	41	93,612	53	138	88
Salt Lake City	1,841.7	0.7730	3.18	664,460	625,650	1,652	281,084	45	301,280	48	76	108
San Angelo	121.0	0.0508	2.80	75,411	71,114	130	32,837	46	28,784	40	104	76
San Antonio	1,566.8	0.6576	3.03	869,525	802,369	1,574	361,265	45	309,557	39	104	93
San Diego	2,085.3	0.8752	2.72	1,326,482	1,241,678	2,235	448,976	36	692,261	56	130	103
San Francisco	5,341.5	2.2418	2.58	4,260,808	3,964,798	6,841	1,318,760	33	2,249,111	57	131	101
Santa Barbara - Santa Maria San Luis Obispo	505.6	0.2123	2.66	411,390	389,735	715	126,459	32	245,991	63	130	80
Sarasota	241.6	0.1014	2.22	173,166	166,030	276	43,186	26	110,138	66	117	90
Savannah	594.9	0.2497	2.97	270,677	256,510	524	135,561	53	95,857	37	98	113
Seattle - Tacoma	3,063.7	1.2859	2.56	2,075,211	1,907,063	3,499	636,611	33	1,089,026	57	118	91
Selma	54.0	0.0226	2.93	13,053	12,988	41	8,301	64	3,732	29	64	82
Shreveport - Texarkana	1,231.8	0.5169	2.78	476,363	454,198	1,025	224,583	49	173,389	38	82	92
Sioux City	425.8	0.1788	2.66	146,144	123,060	509	53,160	43	60,748	49	67	63
Sioux Falls - Mitchell	610.6	0.2562	2.70	234,928	196,986	704	69,248	35	115,730	59	78	71
South Bend - Elkhart	786.1	0.3300	2.78	353,675	325,236	877	144,384	44	153,423	47	95	76
Spokane	855.5	0.3587	2.68	395,286	355,749	939	139,585	39	196,620	55	83	78
Springfield, Mass	583.1	0.2447	2.76	352,852	319,445	595	97,490	31	189,500	59	103	91
Springfield, Mo	777.3	0.3260	2.70	268,614	252,644	824	126,429	50	99,733	39	73	65
Springfield - Decatur - Champaign	937.1	0.3932	2.64	418,665	369,810	1,016	166,311	45	171,984	47	95	84
Syracuse	959.0	0.4025	2.84	419,339	370,138	1,007	128,625	35	200,969	54	80	89
Tallahassee - Thomasville	451.1	0.1895	2.85	187,192	179,476	408	81,514	45	82,183	46	92	103
Tampa - St. Petersburg	2,541.0	1.0665	2.45	1,390,070	1,305,229	2,353	518,304	40	644,359	49	95	104
Terre Haute	426.0	0.1786	2.66	155,142	140,523	429	70,914	50	57,400	41	73	71
Toledo	1,061.6	0.4454	2.75	549,072	501,745	1,154	204,854	41	246,438	49	97	83
Topeka	394.9	0.1658	2.72	186,288	170,329	463	88,341	52	68,255	40	90	80
Traverse City - Cadillac	417.3	0.1750	2.72	192,629	166,978	589	66,368	40	91,594	55	82	64
Tucson	729.6	0.3063	2.60	350,840	317,195	759	129,677	41	155,506	49	90	91
Tulsa	1,202.6	0.5045	2.65	603,378	586,788	1,270	301,206	51	208,526	36	104	86
Tuscaloosa	143.2	0.0601	2.78	52,801	49,494	112	28,881	58	15,115	31	68	98
Twin Falls	88.7	0.0373	2.89	32,970	30,311	88	12,209	40	16,403	54	73	73
Tyler	339.6	0.1423	2.85	135,964	134,901	289	66,527	49	53,673	40	89	84
Utica	384.2	0.1612	2.83	147,892	134,972	398	46,862	35	70,559	52	75	76
Victoria	77.6	0.0325	2.97	46,137	40,142	91	18,147	45	16,323	41	88	73
Waco - Temple	649.9	0.2728	2.90	334,064	315,258	636	145,022	46	127,651	40	106	80
Washington, D.C.	4,134.3	1.7348	2.73	2,563,554	2,469,338	4,084	923,433	37	1,149,045	47	116	132
Watertown - Carthage	235.8	0.0990	2.99	84,411	70,745	233	26,878	38	36,819	52	75	76
Wausau - Rhinelander	444.1	0.1863	2.77	166,018	139,512	488	43,703	31	88,528	63	76	71
West Palm Beach	1,009.7	0.4238	2.42	636,416	596,690	1,001	177,968	30	372,301	62	101	106
Wheeling - Steubenville	450.5	0.1889	2.70	142,701	129,468	409	65,315	50	52,572	41	67	78
Wichita - Hutchinson	1,099.3	0.4612	2.62	474,455	456,037	1,470	228,176	50	184,155	40	81	72
Wichita Falls - Lawton	452.0	0.1896	2.81	215,441	206,477	460	102,100	49	79,216	38	99	78
Wilkes-Barre - Scranton	1,145.1	0.4805	2.68	422,686	383,719	1,089	152,526	40	177,186	46	75	80
Wilmington	370.5	0.1554	2.87	140,895	137,483	334	75,626	55	50,736	37	81	90
Yakima	476.6	0.1999	2.73	226,807	201,810	521	72,426	36	115,934	57	85	83
Youngstown	647.2	0.2716	2.73	267,692	238,905	641	111,624	47	104,879	44	86	78
Zanesville	84.5	0.0355	2.71	35,556	32,267	90	15,520	48	13,021	40	87	75
Total ADIs	236,697.1	99.3379	2.74	122,396,465	113,302,922	239,818	45,128,294	40	55,533,415	49	99	99

Top 100 Eating Place Markets

1984

By Metro Area

Metro Area Name	Sales($000)	Ranking
Los Angeles - Long Beach	5,014,814	1
New York	4,645,074	2
Chicago	3,000,754	3
Boston - Lawrence - Salem - Lowell - Brockton	2,806,094	4
Washington	2,218,903	5
Houston	2,105,879	6
Philadelphia	2,096,760	7
Detroit	1,920,100	8
San Francisco	1,686,707	9
Anaheim - Santa Ana	1,665,364	10
Dallas	1,623,373	11
Atlanta	1,481,415	12
Nassau - Suffolk	1,302,330	13
Seattle	1,255,926	14
San Diego	1,241,678	15
St Louis	1,176,296	16
Minneapolis - St Paul	1,153,729	17
Baltimore	1,114,056	18
Denver	1,084,144	19
Oakland	1,054,156	20
Tampa - St Petersburg - Clearwater	1,010,821	21
Miami - Hialeah	995,497	22
Pittsburgh	958,610	23
San Jose	948,274	24
Phoenix	946,317	25
Riverside - San Bernardino	912,130	26
Cleveland	897,161	27
New Orleans	885,805	28
Fort Lauderdale - Hollywood - Pompano Beach	821,286	29
Honolulu	812,743	30
Kansas City	784,188	31
Newark	777,479	32
Oklahoma City	766,190	33
Sacramento	730,039	34
Cincinnati	729,443	35
Bergen - Passaic	719,985	36
Fort Worth - Arlington	712,894	37
San Antonio	700,662	38
Portland, Ore	699,383	39
Indianapolis	673,579	40
Columbus, Ohio	663,392	41
Milwaukee	628,858	42
Hartford - New Britain - Middletown - Bristol	619,233	43
Norfolk - Virginia Beach - Newport News	588,388	44
Orlando	569,392	45
Bridgeport - Stamford - Norwalk - Danbury	501,093	46
Charlotte - Gastonia - Rock Hill	487,559	47
Louisville	485,308	48
West Palm Beach - Boca Raton - Delray Beach	467,208	49
Greensboro - Winston-Salem - High Point	462,374	50
Rochester, N Y	461,488	51
Nashville	461,017	52
Austin	452,581	53
Buffalo	443,155	54
Tulsa	439,588	55
Monmouth - Ocean	428,547	56
Dayton - Springfield	425,824	57
New Haven - Waterbury - Meriden	410,038	58
Jacksonville, Fla	404,444	59
Providence - Pawtucket - Woonsocket	399,833	60
Memphis	399,282	61
Middlesex - Somerset - Hunterdon	393,708	62
Knoxville	384,727	63
Salt Lake City - Ogden	368,349	64
Richmond - Petersburg	358,819	65
Toledo	347,003	66
Las Vegas	346,816	67
Albany - Schenectady - Troy	339,024	68
Raleigh - Durham	336,541	69
Worcester - Fitchburg - Leominster	330,337	70
Springfield, Mass	319,445	71
Gary - Hammond	313,093	72
Akron	307,994	73
Birmingham	303,382	74
Omaha	294,038	75
Scranton - Wilkes-Barre	287,367	76
Tucson	279,347	77
Grand Rapids	273,248	78
Allentown - Bethlehem	271,418	79
Anchorage	268,467	80
Syracuse	268,151	81
Baton Rouge	267,303	82
Albuquerque	265,671	83
Harrisburg - Lebanon - Carlisle	258,831	84
Santa Barbara - Santa Maria - Lompoc	257,532	85
Atlantic City	256,606	86
Oxnard - Ventura	253,395	87
Greenville - Spartanburg	251,817	88
Tacoma	251,097	89
Bakersfield	244,599	90
Little Rock - North Little Rock	240,988	91
New Bedford - Fall River - Attleboro	233,439	92
Fresno	232,953	93
Wilmington, Del	228,952	94
Charleston, S C	222,313	95
El Paso	219,251	96
Wichita	210,151	97
Columbia, S C	207,289	98
Corpus Christi	198,159	99
Madison	196,791	100

By ADI

ADI Name	Sales($000)	Ranking
New York	9,181,919	1
Los Angeles	7,451,960	2
San Francisco	3,964,798	3
Chicago	3,956,536	4
Boston	3,892,024	5
Philadelphia	3,270,532	6
Dallas - Ft Worth	2,573,930	7
Washington, D C	2,469,338	8
Houston	2,410,068	9
Detroit	2,058,874	10
Seattle - Tacoma	1,907,063	11
Miami	1,881,195	12
Atlanta	1,738,541	13
Cleveland	1,670,560	14
Denver	1,661,064	15
Minneapolis - St Paul	1,460,655	16
Tampa - St Petersburg	1,305,229	17
Sacramento - Stockton	1,302,815	18
St Louis	1,285,997	19
Pittsburgh	1,256,974	20
San Diego	1,241,678	21
Hartford - New Haven	1,217,879	22
Baltimore	1,176,051	23
Portland, Ore	1,137,357	24
New Orleans	1,121,934	25
Indianapolis	1,108,775	26
Phoenix	1,072,704	27
Orlando - Daytona Beach - Melbourne	1,033,112	28
Oklahoma City	1,029,940	29
Kansas City	892,390	30
Cincinnati	868,301	31
Milwaukee	808,079	32
San Antonio	802,369	33
Columbus, Ohio	785,610	34
Providence - New Bedford	760,620	35
Charlotte	749,774	36
Raleigh - Durham	713,149	37
Nashville	679,935	38
Buffalo	676,858	39
Norfolk - Portsmouth - Newport News - Hampton	675,643	40
Salt Lake City	625,650	41
Grand Rapids - Kalamazoo - Battle Creek	613,071	42
Greensboro - Winston-Salem - High Point	605,539	43
Greenville - Spartanburg - Asheville	598,529	44
West Palm Beach	596,690	45
Louisville	589,752	46
Tulsa	586,788	47
Harrisburg - York - Lancaster - Lebanon	586,647	48
Dayton	556,978	49
Memphis	533,742	50
Albany - Schenectady - Troy	531,598	51
Albuquerque	519,292	52
Knoxville	518,836	53
Austin, Tex	516,881	54
Jacksonville	509,774	55
Toledo	501,745	56
Flint - Saginaw - Bay City	479,507	57
Mobile - Pensacola	459,163	58
Wichita - Hutchinson	456,037	59
Shreveport - Texarkana	454,198	60
Rochester, N Y	451,838	61
Portland - Poland Spring	451,523	62
Little Rock	450,910	63
Fresno - Visalia	444,314	64
Richmond	441,440	65
Palm Springs	412,192	66
Charleston - Huntington	407,107	67
Birmingham	392,947	68
Santa Barbara - Santa Maria - San Luis Obispo	389,735	69
Wilkes-Barre - Scranton	383,719	70
Omaha	374,159	71
Des Moines	370,883	72
Syracuse	370,138	73
Springfield - Decatur - Champaign	369,810	74
Green Bay	356,585	75
Spokane	355,749	76
Las Vegas	350,882	77
Baton Rouge	340,826	78
Lexington	335,266	79
Roanoke - Lynchburg	333,321	80
South Bend - Elkhart	325,236	81
Salinas - Monterey	324,305	82
Davenport - Rock Island - Moline	321,636	83
Springfield, Mass	319,445	84
Tucson	317,195	85
Waco - Temple	315,258	86
Cedar Rapids - Waterloo - Dubuque	298,897	87
Columbia, S C	286,448	88
Chattanooga	281,484	89
Evansville	275,364	90
Burlington - Plattsburgh	273,694	91
Ft Wayne	271,864	92
Colorado Springs - Pueblo	269,321	93
Paducah - Cape Girardeau - Harrisburg - Marion	268,345	94
El Paso	267,951	95
Madison	267,554	96
Corpus Christi	266,976	97
Charleston, S C	264,467	98
Lafayette, La	261,347	99
Ft Myers - Naples	259,236	100

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Top 100 Restaurant Markets

By Metro Area · 1984 · By ADI

Metro Area Name	Sales($000)	Ranking
Los Angeles - Long Beach	2,789,279	1
New York	2,671,287	2
Boston - Lawrence - Salem - Lowell - Brockton	1,591,908	3
Chicago	1,569,055	4
Washington	1,050,943	5
San Francisco	1,048,001	6
Philadelphia	1,032,899	7
Detroit	962,982	8
Anaheim - Santa Ana	949,783	9
Houston	938,911	10
Seattle	710,290	11
Dallas	694,709	12
San Diego	692,261	13
Nassau - Suffolk	689,251	14
Minneapolis - St. Paul	655,397	15
Denver	600,517	16
Atlanta	578,293	17
Oakland	559,181	18
Miami - Hialeah	515,045	19
Tampa - St. Petersburg - Clearwater	507,990	20
Pittsburgh	497,603	21
Phoenix	496,761	22
Fort Lauderdale - Hollywood - Pompano Beach	493,899	23
San Jose	489,214	24
St. Louis	464,235	25
Baltimore	462,310	26
Riverside - San Bernardino	455,986	27
Cleveland	454,048	28
Honolulu	431,597	29
Bergen - Passaic	402,262	30
Portland, Ore	396,239	31
New Orleans	394,136	32
Newark	390,858	33
Sacramento	371,411	34
Milwaukee	348,632	35
Kansas City	348,317	36
Cincinnati	346,359	37
Hartford - New Britain - Middletown - Bristol	316,203	38
West Palm Beach - Boca Raton - Delray Beach	307,025	39
Bridgeport - Stamford - Norwalk - Danbury	297,439	40
Orlando	294,984	41
Oklahoma City	293,927	42
Columbus, Ohio	279,077	43
Fort Worth - Arlington	275,344	44
San Antonio	270,068	45
Norfolk - Virginia Beach - Newport News	265,395	46
Indianapolis	263,387	47
Monmouth - Ocean	253,668	48
Rochester, N.Y.	251,964	49
Providence - Pawtucket - Woonsocket	229,334	50
New Haven - Waterbury - Meriden	226,204	51
Buffalo	221,524	52
Middlesex - Somerset - Hunterdon	221,243	53
Nashville	220,412	54
Austin	196,987	55
Worcester - Fitchburg - Leominster	194,127	56
Albany - Schenectady - Troy	192,586	57
Springfield, Mass	189,500	58
Charlotte - Gastonia - Rock Hill	175,607	59
Toledo	175,346	60
Las Vegas	173,642	61
Louisville	171,665	62
Dayton - Springfield	169,455	63
Jacksonville, Fla	167,643	64
Santa Barbara - Santa Maria - Lompoc	167,451	65
Greensboro - Winston-Salem - High Point	166,998	66
Akron	166,178	67
Salt Lake City - Ogden	165,821	68
Knoxville	164,074	69
Tulsa	154,387	70
Atlantic City	149,743	71
Syracuse	147,810	72
Oxnard - Ventura	146,678	73
Omaha	146,201	74
Grand Rapids	146,186	75
Richmond - Petersburg	143,781	76
Tacoma	142,117	77
Memphis	139,398	78
Scranton - Wilkes-Barre	137,311	79
Gary - Hammond	135,530	80
Tucson	135,006	81
Allentown - Bethlehem	132,004	82
Raleigh - Durham	128,565	83
Harrisburg - Lebanon - Carlisle	126,682	84
Salinas - Seaside - Monterey	124,026	85
Bakersfield	122,854	86
Albuquerque	122,575	87
New Bedford - Fall River - Attleboro	117,328	88
Fresno	116,082	89
Madison	115,380	90
Anchorage	112,484	91
Wilmington, Del	111,099	92
Sarasota	110,138	93
Portsmouth - Dover - Rochester	108,477	94
Lancaster	104,218	95
Vallejo - Fairfield - Napa	103,802	96
Spokane	103,679	97
Manchester - Nashua	103,474	98
Fort Wayne	101,204	99
Lake County, Ill	99,331	100

ADI Name	Sales($000)	Ranking
New York	5,146,897	1
Los Angeles	4,126,130	2
Boston	2,276,870	3
San Francisco	2,249,111	4
Chicago	2,026,754	5
Philadelphia	1,651,430	6
Washington, D.C.	1,149,045	7
Seattle - Tacoma	1,089,026	8
Dallas - Ft. Worth	1,062,542	9
Houston	1,056,281	10
Miami	1,041,406	11
Detroit	1,032,540	12
Denver	940,810	13
Minneapolis - St. Paul	841,163	14
Cleveland	832,769	15
San Diego	692,261	16
Atlanta	664,552	17
Sacramento - Stockton	659,890	18
Hartford - New Haven	652,314	19
Tampa - St. Petersburg	644,359	20
Portland, Ore	629,411	21
Pittsburgh	626,996	22
Phoenix	565,523	23
Orlando - Daytona Beach - Melbourne	525,758	24
St. Louis	511,441	25
Baltimore	494,990	26
Milwaukee	458,090	27
New Orleans	453,782	28
Indianapolis	435,991	29
Providence - New Bedford	424,476	30
Cincinnati	405,545	31
Kansas City	393,794	32
Oklahoma City	389,707	33
West Palm Beach	372,301	34
Buffalo	337,907	35
Columbus, Ohio	328,634	36
Grand Rapids - Kalamazoo - Battle Creek	315,126	37
San Antonio	309,557	38
Harrisburg - York - Lancaster - Lebanon	307,144	39
Nashville	306,217	40
Albany - Schenectady - Troy	305,190	41
Salt Lake City	301,280	42
Norfolk - Portsmouth - Newport News - Hampton	297,295	43
Charlotte	273,598	44
Raleigh - Durham	267,097	45
Portland - Poland Spring	257,544	46
Rochester, N.Y.	246,755	47
Toledo	246,438	48
Santa Barbara - Santa Maria - San Luis Obispo	245,991	49
Albuquerque	244,003	50
Flint - Saginaw - Bay City	233,363	51
Palm Springs	226,554	52
Fresno - Visalia	225,525	53
Austin, Tex	221,872	54
Dayton	221,697	55
Greensboro - Winston-Salem - High Point	219,636	56
Knoxville	214,888	57
Greenville - Spartanburg - Asheville	212,273	58
Jacksonville	210,477	59
Tulsa	208,526	60
Green Bay	206,952	61
Louisville	206,798	62
Syracuse	200,969	63
Spokane	196,620	64
Salinas - Monterey	195,897	65
Springfield, Mass	189,500	66
Omaha	186,857	67
Memphis	186,103	68
Wichita - Hutchinson	184,155	69
Wilkes-Barre - Scranton	177,186	70
Las Vegas	175,828	71
Shreveport - Texarkana	173,389	72
Richmond	173,069	73
Des Moines	172,867	74
Springfield - Decatur - Champaign	171,984	75
Mobile - Pensacola	171,685	76
Burlington - Plattsburgh	162,632	77
Madison	161,358	78
Tucson	155,506	79
South Bend - Elkhart	153,423	80
Little Rock	149,526	81
Ft. Myers - Naples	145,365	82
Cedar Rapids - Waterloo - Dubuque	144,970	83
Ft. Wayne	141,245	84
Davenport - Rock Island - Moline	139,769	85
Charleston - Huntington	136,813	86
Roanoke - Lynchburg	131,883	87
Colorado Springs - Pueblo	130,540	88
Waco - Temple	127,651	89
Birmingham	124,682	90
Lincoln - Hastings - Kearney	123,666	91
Bakersfield	122,854	92
Reno	119,540	93
Lexington	117,350	94
Lansing	116,145	95
Yakima	115,934	96
Sioux Falls - Mitchell	115,730	97
Fargo	111,430	98
Chattanooga	110,719	99
Sarasota	110,138	100

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Top 100 Fast Food Markets

1984

By Metro Area

Metro Area Name	Sales($000)	Ranking
Los Angeles - Long Beach	1,742,226	1
New York	1,133,091	2
Chicago	1,097,462	3
Houston	845,781	4
Washington	801,701	5
Boston - Lawrence - Salem - Lowell - Brockton	776,403	6
Philadelphia	754,682	7
Detroit	748,869	8
Atlanta	711,947	9
Dallas	676,889	10
Anaheim - Santa Ana	601,177	11
St. Louis	558,567	12
Baltimore	473,711	13
San Diego	448,976	14
Oakland	419,512	15
Riverside - San Bernardino	416,109	16
San Francisco	409,758	17
Seattle	397,573	18
Minneapolis - St. Paul	393,765	19
Nassau - Suffolk	388,873	20
Tampa - St. Petersburg - Clearwater	384,125	21
San Jose	380,282	22
Oklahoma City	364,710	23
Kansas City	363,283	24
Cleveland	354,549	25
New Orleans	348,764	26
Denver	342,792	27
Phoenix	341,660	28
Miami - Hialeah	340,245	29
Pittsburgh	338,675	30
Fort Worth - Arlington	334,675	31
Columbus, Ohio	325,539	32
Indianapolis	322,078	33
Sacramento	313,211	34
Cincinnati	306,880	35
San Antonio	306,031	36
Honolulu	290,035	37
Norfolk - Virginia Beach - Newport News	271,224	38
Charlotte - Gastonia - Rock Hill	269,025	39
Louisville	265,106	40
Fort Lauderdale - Hollywood - Pompano Beach	244,011	41
Portland, Ore.	242,103	42
Newark	234,119	43
Milwaukee	230,178	44
Greensboro - Winston-Salem - High Point	226,309	45
Tulsa	224,235	46
Orlando	221,902	47
Dayton - Springfield	214,677	48
Memphis	210,150	49
Hartford - New Britain - Middletown - Bristol	204,857	50
Austin	200,828	51
Jacksonville, Fla.	198,404	52
Bergen - Passaic	194,470	53
Nashville	193,753	54
Knoxville	181,832	55
Richmond - Petersburg	179,263	56
Salt Lake City - Ogden	173,323	57
Raleigh - Durham	168,143	58
Birmingham	165,014	59
Buffalo	158,672	60
Rochester, N.Y.	152,662	61
Gary - Hammond	152,495	62
Baton Rouge	148,344	63
Greenville - Spartanburg	144,533	64
New Haven - Waterbury - Meriden	143,662	65
Monmouth - Ocean	138,038	66
Toledo	135,783	67
Bridgeport - Stamford - Norwalk - Danbury	132,501	68
Providence - Pawtucket - Woonsocket	130,833	69
Little Rock - North Little Rock	128,850	70
Omaha	127,212	71
Las Vegas	124,761	72
Akron	123,225	73
West Palm Beach - Boca Raton - Delray Beach	123,020	74
Middlesex - Somerset - Hunterdon	122,857	75
Tucson	114,821	76
Albany - Schenectady - Troy	114,753	77
Columbia, S.C.	111,726	78
Charleston, S.C.	111,656	79
Albuquerque	110,694	80
Scranton - Wilkes-Barre	108,716	81
Fresno	107,310	82
Bakersfield	107,135	83
Harrisburg - Lebanon - Carlisle	104,075	84
El Paso	102,801	85
Lexington-Fayette	102,321	86
Wilmington, Del.	102,194	87
Allentown - Bethlehem	100,101	88
Wichita	99,526	89
Grand Rapids	97,749	90
Springfield, Mass.	97,490	91
Tacoma	96,518	92
Youngstown - Warren	95,045	93
Corpus Christi	94,737	94
Johnson City - Kingsport - Bristol	94,436	95
Oxnard - Ventura	93,901	96
Mobile	92,850	97
New Bedford - Fall River - Attleboro	92,726	98
Worcester - Fitchburg - Leominster	92,042	99
Chattanooga	90,379	100

By ADI

ADI Name	Sales($000)	Ranking
Los Angeles	2,688,223	1
New York	2,487,716	2
Chicago	1,512,409	3
San Francisco	1,318,760	4
Philadelphia	1,183,350	5
Dallas - Ft. Worth	1,137,209	6
Boston	1,078,102	7
Houston	999,607	8
Washington, D.C.	923,433	9
Atlanta	863,522	10
Detroit	804,859	11
Cleveland	690,883	12
Seattle - Tacoma	636,611	13
St. Louis	614,196	14
Miami	611,581	15
Sacramento - Stockton	572,753	16
Indianapolis	540,926	17
Denver	533,028	18
Tampa - St. Petersburg	518,304	19
Oklahoma City	501,375	20
Baltimore	500,140	21
Minneapolis - St. Paul	498,223	22
Pittsburgh	474,591	23
San Diego	448,976	24
New Orleans	447,623	25
Portland, Ore.	419,719	26
Kansas City	417,533	27
Charlotte	413,494	28
Hartford - New Haven	412,575	29
Orlando - Daytona Beach - Melbourne	403,848	30
Phoenix	390,785	31
Columbus, Ohio	384,603	32
Raleigh - Durham	379,073	33
Cincinnati	374,570	34
San Antonio	361,265	35
Greenville - Spartanburg - Asheville	331,486	36
Louisville	326,927	37
Norfolk - Portsmouth - Newport News - Hampton	320,022	38
Nashville	310,512	39
Greensboro - Winston-Salem - High Point	305,700	40
Tulsa	301,206	41
Milwaukee	289,451	42
Memphis	285,844	43
Salt Lake City	281,084	44
Dayton	280,059	45
Providence - New Bedford	260,703	46
Little Rock	256,727	47
Knoxville	255,761	48
Jacksonville	253,703	49
Buffalo	247,588	50
Grand Rapids - Kalamazoo - Battle Creek	236,449	51
Austin, Tex.	235,635	52
Charleston - Huntington	235,607	53
Mobile - Pensacola	232,752	54
Wichita - Hutchinson	228,176	55
Harrisburg - York - Lancaster - Lebanon	226,702	56
Shreveport - Texarkana	224,583	57
Albuquerque	223,490	58
Richmond	222,474	59
Birmingham	220,678	60
Toledo	204,854	61
Flint - Saginaw - Bay City	204,582	62
Fresno - Visalia	202,228	63
Lexington	190,526	64
Baton Rouge	178,916	65
West Palm Beach	177,968	66
Albany - Schenectady - Troy	174,189	67
Palm Springs	172,161	68
Springfield - Decatur - Champaign	166,311	69
Des Moines	162,445	70
Roanoke - Lynchburg	161,935	71
Omaha	161,534	72
Portland - Poland Spring	160,353	73
Davenport - Rock Island - Moline	153,267	74
Wilkes-Barre - Scranton	152,526	75
Chattanooga	150,059	76
Evansville	149,513	77
Rochester, N.Y.	149,101	78
Columbia, S.C.	148,392	79
Waco - Temple	145,022	80
South Bend - Elkhart	144,384	81
Paducah - Cape Girardeau - Harrisburg - Marion	144,157	82
Spokane	139,585	83
Savannah	135,561	84
Corpus Christi	132,045	85
Charleston, S.C.	131,108	86
Cedar Rapids - Waterloo - Dubuque	130,012	87
Tucson	129,677	88
Syracuse	128,625	89
Bristol - Kingsport - Johnson City	127,763	90
Huntsville - Decatur - Florence	127,411	91
Santa Barbara - Santa Maria - San Luis Obispo	126,459	92
Springfield, Mo.	126,429	93
Las Vegas	126,224	94
Green Bay	125,462	95
El Paso	124,486	96
Jackson, Miss.	121,883	97
Greenville - New Bern - Washington	121,529	98
Odessa - Midland	121,240	99
Salinas - Monterey	116,875	100

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Top 100 Per Capita Eating Place Markets

1984

By Metro Area

Metro Area Name	Sales per capita	Ranking
Anchorage	1,168	1
San Francisco	1,105	2
Honolulu	993	3
Odessa	850	4
Atlantic City	847	5
Houma - Thibodaux	801	6
Santa Barbara - Santa Maria - Lompoc	800	7
Anaheim - Santa Ana	792	8
Oklahoma City	738	9
Panama City	773	10
Boston - Lawrence - Salem - Lowell - Brockton	763	11
Lafayette, La	759	12
Midland, Tex	748	13
Seattle	739	14
Dallas	725	15
Fort Lauderdale - Hollywood - Pompano Beach	719	16
Bryan - College Station	714	17
Abilene	706	18
Naples	704	19
Portland, Me	693	20
Austin	689	21
San Jose	688	22
Sarasota	687	23
Boulder - Longmont	683	24
Orlando	681	25
Reno	677	26
Amarillo	675	27
Denver	674	28
San Angelo	666	29
Houston	663	30
New Orleans	662	31
West Palm Beach - Boca Raton - Delray Beach	659	32
Burlington, Vt	657	33
Knoxville	651	34
Washington	648	35
Wilmington, N C	644	36
Las Vegas	642	37
Los Angeles - Long Beach	634	38
Fort Worth - Arlington	625	39
Atlanta	619	40
Bridgeport - Stamford - Norwalk - Danbury	615	41
Portland, Ore	613	42
Daytona Beach	611	43
Fort Walton Beach	610	44
Enid	609	45
Longview - Marshall	609	45
Lubbock	605	47
Bellingham	598	48
Lexington-Fayette	597	49
Manchester - Nashua	595	50
San Diego	595	50
Savannah	595	50
Tulsa	595	50
Galveston - Texas City	588	54
Madison	588	54
Sacramento	588	54
San Antonio	588	54
Bradenton	587	58
Wichita Falls	587	58
Santa Cruz	586	60
Hartford - New Britain - Middletown - Bristol	584	61
Portsmouth - Dover - Rochester	580	62
Rapid City	580	62
Salinas - Seaside - Monterey	580	62
Billings	578	65
Santa Fe	577	66
Pittsfield	572	67
Albuquerque	571	68
Cheyenne	569	69
Miami - Hialeah	567	70
Asheville	565	71
Burlington, N C	564	72
Gainesville	564	72
Bergen - Passaic	562	74
Indianapolis	562	74
Oakland	562	74
Muncie	561	77
Toledo	561	77
Fort Myers - Cape Coral	560	79
Champaign - Urbana - Rantoul	555	80
Corpus Christi	554	81
New York	554	81
Spokane	554	81
Tampa - St. Petersburg - Clearwater	550	84
Springfield, Mass	548	85
Kalamazoo	547	86
Owensboro	546	87
Phoenix	545	88
Raleigh - Durham	545	88
Boise	539	90
Terre Haute	537	91
Topeka	535	92
New Haven - Waterbury - Meriden	533	93
Kansas City	532	94
Bakersfield	531	95
Casper	530	96
Colorado Springs	530	96
Rochester, Minn	530	96
Lafayette - West Lafayette	529	99
Biloxi - Gulfport	528	100

By ADI

ADI Name	Sales per capita	Ranking
Salisbury	776	1
Santa Barbara - Santa Maria - San Luis Obispo	771	2
Flagstaff	744	3
San Francisco	742	4
Boston	712	5
Sarasota	687	6
Odessa - Midland	657	7
Oklahoma City	649	8
Austin, Tex	644	9
Denver	644	9
Los Angeles	639	11
Miami	634	12
New Orleans	630	13
Las Vegas	629	14
Dallas - Ft. Worth	626	15
Seattle - Tacoma	622	16
Houston	614	17
Washington, D C	597	18
San Diego	595	19
West Palm Beach	591	20
San Angelo	588	21
Reno	585	22
Orlando - Daytona Beach - Melbourne	574	23
Salinas - Monterey	568	24
Charlottesville	564	25
Biloxi - Gulfport - Pascagoula	560	26
Ft. Myers - Naples	556	27
Springfield, Mass	548	28
Atlanta	545	29
Hartford - New Haven	543	30
Portland, Ore	541	31
Panama City	534	32
Bakersfield	531	33
Cheyenne	529	34
Florence, S C	529	34
Gainesville	525	36
Palm Springs	525	36
Portland - Poland Spring	518	38
Sacramento - Stockton	517	39
Victoria	517	39
Tampa - St. Petersburg	514	41
San Antonio	512	42
Madison	511	43
Corpus Christi	507	44
Eureka	506	45
Grand Junction	506	45
New York	503	47
Lafayette, Ind	499	48
Phoenix	499	48
Providence - New Bedford	488	50
Tulsa	488	50
Amarillo	486	52
Helena	485	53
Waco - Temple	485	53
Baltimore	484	55
Indianapolis	484	55
Lima	482	57
Abilene - Sweetwater	481	58
Kansas City	481	58
Bend	476	60
Billings - Hardin	476	60
Casper - Riverton	473	62
Toledo	473	62
Rochester, N Y	472	64
Chicago	466	65
Glendive	465	66
Colorado Springs - Pueblo	463	67
Bowling Green	461	68
Jacksonville	459	69
Laredo	459	69
Minneapolis - St. Paul	459	69
Lafayette, La	457	72
Roswell	457	72
Wichita Falls - Lawton	457	72
Greensboro - Winston-Salem - High Point	456	75
Knoxville	455	76
Cincinnati	454	77
Columbus, Ohio	453	78
Eugene	451	79
Philadelphia	451	79
Baton Rouge	447	81
Norfolk - Portsmouth - Newport News - Hampton	446	82
Detroit	445	83
St. Louis	445	83
Albuquerque	440	85
Cleveland	440	85
Lubbock	440	85
Burlington - Plattsburgh	439	88
Charleston, S C	438	89
Tucson	435	90
Chico - Redding	431	91
Savannah	431	91
Topeka	431	91
Parkersburg	430	94
Milwaukee	429	95
Medford	427	96
Boise	424	97
Butte	423	98
Yakima	423	98
Beaumont - Port Arthur	421	100

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Top 100 Per Capita Restaurant Markets

By Metro Area 1984 By ADI

Metro Area Name	Sales per capita	Ranking
San Francisco	687	1
Honolulu	527	2
Santa Barbara - Santa Maria - Lompoc	520	3
Atlantic City	495	4
Anchorage	489	5
Sarasota	456	6
Anaheim - Santa Ana	452	7
Boston - Lawrence - Salem - Lowell - Brockton	433	8
West Palm Beach - Boca Raton - Delray Beach	433	8
Fort Lauderdale - Hollywood - Pompano Beach	432	10
Seattle	418	11
Portland, Me	414	12
Panama City	403	13
Burlington, Vt	401	14
Boulder - Longmont	399	15
Reno	389	16
Salinas - Seaside - Monterey	382	17
Denver	373	18
Bridgeport - Stamford - Norwalk - Danbury	365	19
Portsmouth - Dover - Rochester	359	20
Pittsfield	358	21
Naples	355	22
San Jose	355	22
Los Angeles - Long Beach	353	24
Orlando	353	24
Manchester - Nashua	350	26
Portland, Ore	347	27
Odessa	346	28
Madison	345	29
Rapid City	341	30
Bellingham	340	31
Fort Myers - Cape Coral	340	31
San Diego	332	33
Billings	331	34
Springfield, Mass	325	35
Las Vegas	321	36
Fort Walton Beach	318	37
New York	318	37
Bergen - Passaic	314	39
Dallas	310	40
Daytona Beach	307	41
Santa Cruz	307	41
Washington	307	41
Bradenton	306	44
Rochester, Minn	305	45
Midland, Tex	304	46
New London - Norwich	302	47
Oklahoma City	302	47
Austin	300	49
Sacramento	299	50
Hartford - New Britain - Middletown - Bristol	298	51
Oakland	298	51
Houston	296	53
Minneapolis - St Paul	295	54
New Orleans	295	54
Worcester - Fitchburg - Leominster	295	54
New Haven - Waterbury - Meriden	294	57
Gainesville	293	58
Miami - Hialeah	293	58
Spokane	293	58
Cheyenne	292	61
Olympia	291	62
Bryan - College Station	290	63
Abilene	287	64
Phoenix	286	65
Fort Wayne	284	66
La Crosse	284	66
Toledo	284	66
Boise	282	69
Green Bay	281	70
Knoxville	277	71
Santa Rosa - Petaluma	276	72
Tampa - St Petersburg - Clearwater	276	72
Amarillo	274	74
Casper	274	74
Champaign - Urbana - Rantoul	274	74
Lafayette, La	274	74
Tacoma	274	74
Vallejo - Fairfield - Napa	274	74
Sioux Falls	273	80
Lancaster	272	81
Monmouth - Ocean	272	81
Tallahassee	272	81
Fargo - Moorhead	271	84
San Angelo	271	84
Santa Fe	268	86
Bakersfield	267	87
South Bend - Mishawaka	267	87
Albuquerque	264	89
Great Falls	262	90
Providence - Pawtucket - Woonsocket	261	91
Chicago	259	92
Ann Arbor	257	93
Kalamazoo	257	93
Nassau - Suffolk	257	93
Akron	256	96
Fort Collins - Loveland	253	97
Reading	253	97
Bismarck	252	99
Bloomington - Normal	252	99
Chico	252	99
Duluth	252	99
Rochester, N.Y	252	99

ADI Name	Sales per capita	Ranking
Santa Barbara - Santa Maria - San Luis Obispo	487	1
Sarasota	456	2
San Francisco	421	3
Boston	416	4
Salisbury	409	5
Flagstaff	405	6
West Palm Beach	369	7
Denver	365	8
Seattle - Tacoma	355	9
Los Angeles	354	10
Miami	351	11
Salinas - Monterey	343	12
San Diego	332	13
Reno	331	14
Springfield, Mass	325	15
Grand Junction	321	16
Las Vegas	315	17
Ft Myers - Naples	312	18
Madison	308	19
Portland, Ore	299	20
Eureka	298	21
Portland - Poland Spring	296	22
Orlando - Daytona Beach - Melbourne	292	23
Hartford - New Haven	291	24
Palm Springs	289	25
Helena	287	26
New York	282	27
Washington, D C	278	28
Austin, Tex	277	29
Panama City	277	29
Glendive	276	31
Billings - Hardin	274	32
Gainesville	274	32
Providence - New Bedford	272	34
Cheyenne	271	35
Houston	269	36
Bakersfield	267	37
Minneapolis - St Paul	264	38
Odessa - Midland	264	38
Phoenix	263	40
Sacramento - Stockton	262	41
Burlington - Plattsburgh	261	42
Bend	260	43
Dallas - Ft Worth	258	44
Rochester, N Y	258	44
New Orleans	255	46
Tampa - St Petersburg	254	47
Butte	252	48
Casper - Riverton	246	49
Oklahoma City	246	49
Milwaukee	243	51
Yakima	243	51
Chico - Redding	242	53
Mankato	240	54
Chicago	239	55
Charlottesville	238	56
San Angelo	238	56
Medford	235	58
Albany - Schenectady - Troy	232	59
Toledo	232	59
Missoula	231	61
Spokane	230	62
Philadelphia	228	63
Boise	225	64
Rapid City	225	64
Colorado Springs - Pueblo	224	66
Eugene	224	66
Detroit	223	68
Duluth - Superior	221	69
El Centro - Yuma	221	69
La Crosse - Eau Claire	220	71
Cleveland	219	72
Lima	219	72
Traverse City - Cadillac	219	72
Florence, S C	218	75
Great Falls	218	75
Harrisburg - York - Lancaster - Lebanon	216	77
Ft Wayne	213	78
Tucson	213	78
Cincinnati	212	80
Kansas City	21[illegible]	80
Roswell	212	80
Syracuse	210	83
Victoria	210	83
Atlanta	208	85
Green Bay	208	85
Albuquerque	207	87
Lafayette, Ind	207	87
Bangor	206	89
Corpus Christi	205	90
Baltimore	204	91
Omaha	201	92
Wausau - Rhinelander	199	93
San Antonio	198	94
Biloxi - Gulfport - Pascagoula	197	95
Buffalo	197	95
Amarillo	196	97
Norfolk - Portsmouth - Newport News - Hampton	196	[illegible]
Waco - Temple	196	97
Rockford	195	100
South Bend - Elkhart	195	100

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Top 100 Per Capita Fast Food Markets

By Metro Area 1984 By ADI

Metro Area Name	Sales per capita	Ranking
Anchorage	389	1
Odessa	384	2
Oklahoma City	375	3
Honolulu	354	4
Wilmington, N C	347	5
Lafayette, La	338	6
Midland, Tex	338	6
Houma - Thibodaux	329	8
Bryan - College Station	323	9
Abilene	319	10
Savannah	313	11
Owensboro	312	12
Lexington-Fayette	311	13
Knoxville	308	14
Enid	307	15
Austin	306	16
Amarillo	305	17
Asheville	305	17
Burlington, N C	304	19
Tulsa	304	19
Dallas	302	21
San Angelo	301	22
Naples	299	23
Atlanta	298	24
Fort Worth - Arlington	293	25
Panama City	290	26
Biloxi - Gulfport	289	27
Fayetteville - Springdale	287	28
Anaheim - Santa Ana	286	29
San Jose	276	30
Longview - Marshall	275	31
Topeka	275	31
Louisville	274	33
Lubbock	274	33
Raleigh - Durham	273	35
Muncie	272	36
Baton Rouge	270	37
Indianapolis	269	38
Atlantic City	268	39
San Francisco	268	39
Galveston - Texas City	266	41
Houston	265	41
Corpus Christi	265	43
Orlando	265	43
Santa Fe	265	43
Wichita Falls	265	43
Evansville	263	47
Charlotte - Gastonia - Rock Hill	261	48
New Orleans	261	48
Terre Haute	260	50
Little Rock - North Little Rock	257	51
San Antonio	257	51
Lafayette - West Lafayette	256	53
Columbia, S C	254	54
Columbus, Ohio	254	54
Greensboro - Winston-Salem - High Point	254	54
Huntsville	252	57
Kokomo	252	57
Lawton	252	57
Sacramento	252	57
Jacksonville, Fla	251	61
Jackson, Tenn	250	62
Lawrence, Kans	248	63
Fort Smith	247	64
Kansas City	247	64
Bloomington, Ind	246	66
Santa Cruz	246	66
Shreveport	245	68
Dothan	244	69
Athens	241	70
Elkhart - Goshen	241	70
Reno	240	72
Gary - Hammond	239	73
Greenville - Spartanburg	239	73
Springfield, Mo	239	73
Albuquerque	238	76
Santa Barbara - Santa Maria - Lompoc	238	76
Waco	238	76
Huntington - Ashland	237	79
Hickory	235	80
Texarkana	235	80
Daytona Beach	234	82
Portland, Me	234	82
Seattle	234	82
Victoria	234	82
Washington	234	82
Bakersfield	233	87
Colorado Springs	233	87
St. Louis	233	87
Dayton - Springfield	232	90
Wichita	232	90
Boulder - Longmont	231	92
Charleston, S C	231	92
Las Vegas	231	92
Fort Walton Beach	229	95
Eugene - Springfield	228	96
Pensacola	228	96
Riverside - San Bernardino	228	96
Champaign - Urbana - Rantoul	227	99
Cheyenne	227	99
Memphis	227	99
Albany, Ga	226	102
Kalamazoo	226	102

ADI Name	Sales per capita	Ranking
Salisbury	321	1
Oklahoma City	316	2
Odessa - Midland	311	3
Biloxi - Gulfport - Pascagoula	307	4
Austin, Tex	294	5
Bowling Green	291	6
Flagstaff	289	7
Dallas - Ft. Worth	277	8
Atlanta	271	9
San Angelo	271	9
Charlottesville	262	11
Houston	255	12
Corpus Christi	251	13
Florence, S C	251	13
New Orleans	251	13
Santa Barbara - Santa Maria - San Luis Obispo	250	16
Tulsa	250	16
San Francisco	247	18
Lafayette, Ind	242	19
Parkersburg	239	20
Amarillo	236	21
Indianapolis	236	21
Abilene - Sweetwater	235	23
Baton Rouge	234	24
Victoria	234	24
Bakersfield	233	26
Louisville	232	27
San Antonio	231	28
Charlotte	230	29
Greensboro - Winston-Salem - High Point	230	29
Los Angeles	230	29
Jacksonville	229	32
Savannah	228	33
Sacramento - Stockton	227	34
Las Vegas	226	35
Wichita Falls - Lawton	226	35
Kansas City	225	37
Knoxville	224	38
Orlando - Daytona Beach - Melbourne	224	38
Topeka	224	38
Raleigh - Durham	223	41
Waco - Temple	223	41
Washington, D C	223	41
Columbus, Ohio	222	44
Ft. Smith	221	45
Lima	220	46
Palm Springs	219	47
Charleston, S C	217	48
Lexington	215	49
San Diego	215	49
St. Louis	212	51
Cheyenne	211	52
Norfolk - Portsmouth - Newport News - Hampton	211	52
Little Rock	210	54
Roswell	210	54
Ft. Myers - Naples	209	56
Laredo	209	56
Lubbock	209	56
Reno	209	56
Evansville	208	60
Seattle - Tacoma	208	60
Wichita - Hutchinson	208	60
Denver	207	63
Jonesboro	207	63
Baltimore	206	65
Miami	206	65
Dayton	205	67
Panama City	205	67
Salinas - Monterey	205	67
Tampa - St. Petersburg	204	70
Wilmington	204	70
Greenville - Spartanburg - Asheville	203	72
Tuscaloosa	202	73
Portland, Ore	200	74
Eugene	199	75
Gainesville	199	75
Macon	198	77
Boston	197	78
Lafayette, La	197	78
Cincinnati	196	80
Tyler	196	80
Mobile - Pensacola	195	82
Casper - Riverton	194	83
Jackson, Tenn	194	83
Toledo	193	85
Beaumont - Port Arthur	192	86
Columbia, S C	192	86
Eureka	192	86
Richmond	192	86
Albuquerque	189	90
Bend	188	91
Greenville - New Bern - Washington	187	92
Harrisonburg	187	92
Colorado Springs - Pueblo	186	94
El Paso	185	95
Hartford - New Haven	184	96
Portland - Poland Spring	184	96
South Bend - Elkhart	184	96
Zanesville	184	96
Chattanooga	182	100
Cleveland	182	100
Phoenix	182	100
Shreveport - Texarkana	182	100

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Top 100 RAI Markets

By Metro Area 1984 By ADI

Metro Area Name	RAI	Ranking
Honolulu	230	1
Panama City	188	2
San Francisco	178	3
Anchorage	176	4
Houma - Thibodaux	154	5
Boston - Lawrence - Salem - Lowell - Brockton	150	6
Kalamazoo	150	6
Salinas - Seaside - Monterey	145	8
Anaheim - Santa Ana	144	9
Green Bay	142	10
Lafayette, La	142	10
Oklahoma City	142	10
New York	140	13
Champaign - Urbana - Rantoul	139	14
Fort Walton Beach	139	14
Fort Lauderdale - Hollywood - Pompano Beach	138	16
Austin	137	17
Portland, Ore	137	17
Dallas	136	19
Ann Arbor	135	20
Madison	134	21
Seattle	133	22
Atlantic City	132	23
Atlanta	131	24
Lafayette - West Lafayette	131	24
San Diego	130	26
Orlando	129	27
Santa Barbara - Santa Maria - Lompoc	129	27
San Jose	128	29
Savannah	127	30
Cheyenne	123	31
Indianapolis	123	31
Lubbock	123	31
Amarillo	122	34
Bloomington - Normal	122	34
Chicago	122	34
Los Angeles - Long Beach	122	34
New Orleans	122	34
Odessa	122	34
Washington	122	34
Bryan - College Station	121	41
Wichita Falls	121	41
Abilene	120	43
Fargo - Moorhead	120	43
Fort Smith	120	43
Miami - Hialeah	120	43
Columbia, S.C	119	47
Houston	119	47
Salem, Ore	119	47
San Antonio	119	47
Bloomington, Ind	118	51
Killeen - Temple	117	52
Lexington-Fayette	117	52
Sarasota	117	52
Tulsa	117	52
Biloxi - Gulfport	116	56
Grand Rapids	116	56
State College	116	56
Jacksonville, Fla	115	59
Muncie	115	59
Norfolk - Virginia Beach - Newport News	115	59
Wilmington, N.C	115	59
San Angelo	114	63
Worcester - Fitchburg - Leominster	114	63
Bellingham	113	65
Bismarck	113	65
Burlington, Vt	113	65
Colorado Springs	113	65
Denver	113	65
El Paso	113	65
Fayetteville - Springdale	113	65
Tacoma	113	65
Battle Creek	112	73
Eugene - Springfield	112	73
Fort Worth - Arlington	112	73
Hartford - New Britain - Middletown - Bristol	112	73
Lawrence, Kans	112	73
Lincoln	112	73
Monroe	112	73
Fort Wayne	111	80
Sacramento	111	80
Tallahassee	111	80
West Palm Beach - Boca Raton - Delray Beach	111	80
Albuquerque	110	84
Daytona Beach	110	84
Enid	110	84
Greensboro - Winston-Salem - High Point	110	84
Melbourne - Titusville - Palm Bay	110	84
Santa Fe	109	89
South Bend - Mishawaka	109	89
Columbus, Ohio	108	91
Flint	108	91
Knoxville	108	91
Lake County, Ill	108	91
Little Rock - North Little Rock	108	91
New London - Norwich	108	91
Raleigh - Durham	108	91
Santa Cruz	108	91
Boise	107	99
Bradenton	107	99
Lawton	107	99
Spokane	107	99
Springfield, Ill	107	99

ADI Name	RAI	Ranking
Flagstaff	143	1
Salisbury	138	2
Boston	135	3
Panama City	131	4
San Francisco	131	4
San Diego	130	6
Santa Barbara - Santa Maria - San Luis Obispo	130	6
Biloxi - Gulfport - Pascagoula	128	8
Miami	128	8
Austin, Tex	127	10
Lafayette, Ind	124	11
Portland, Ore	124	11
Salinas - Monterey	124	11
Los Angeles	123	14
Cheyenne	121	15
Dallas - Ft. Worth	120	16
Atlanta	119	17
New Orleans	119	17
Oklahoma City	118	19
Seattle - Tacoma	118	19
Sarasota	117	21
Washington, D.C	116	22
Chicago	115	23
Madison	115	23
Orlando - Daytona Beach - Melbourne	112	25
Houston	111	26
Denver	109	27
Norfolk - Portsmouth - Newport News - Hampton	109	27
El Paso	108	29
Indianapolis	108	29
Florence, S.C	107	31
Waco - Temple	106	32
Ft. Smith	105	33
New York	105	33
Hartford - New Haven	104	35
San Angelo	104	35
San Antonio	104	35
Tulsa	104	35
Baltimore	103	39
Detroit	103	39
Jacksonville	103	39
Lima	103	39
Springfield, Mass	103	39
Columbia, S.C	101	44
Eugene	101	44
Grand Rapids - Kalamazoo - Battle Creek	101	44
Lansing	101	44
West Palm Beach	101	44
Columbus, Ohio	100	49
Las Vegas	100	49
Sacramento - Stockton	100	49
Bakersfield	99	52
Gainesville	99	52
Wichita Falls - Lawton	99	52
Greensboro - Winston-Salem - High Point	98	55
Savannah	98	55
Charleston, S.C	97	57
Cincinnati	97	57
Kansas City	97	57
Milwaukee	97	57
Minneapolis - St. Paul	97	57
Odessa - Midland	97	57
Toledo	97	57
Bend	96	64
Colorado Springs - Pueblo	96	64
Ft. Wayne	96	64
Lubbock	96	64
Rochester, N.Y	96	64
Green Bay	95	69
Palm Springs	95	69
South Bend - Elkhart	95	69
Springfield - Decatur - Champaign	95	69
Tampa - St. Petersburg	95	69
Bowling Green	94	74
Jonesboro	94	74
Lafayette, La	94	74
Peoria	94	74
Philadelphia	94	74
Medford	93	79
North Platte	93	79
Abilene - Sweetwater	92	81
Amarillo	92	81
Louisville	92	81
Parkersburg	92	81
Tallahassee - Thomasville	92	81
Dayton	91	86
Flint - Saginaw - Bay City	91	86
Lincoln - Hastings - Kearney	91	86
Little Rock	91	86
Providence - New Bedford	91	86
Raleigh - Durham	91	86
Albuquerque	90	92
Baton Rouge	90	92
Cleveland	90	92
Topeka	90	92
Tucson	90	92
Corpus Christi	89	97
Ft. Myers - Naples	89	97
Jackson, Tenn	89	97
La Crosse - Eau Claire	89	97
Rockford	89	97
Tyler	89	97

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Top 100 RGI Markets

1984

By Metro Area

Metro Area Name	RGI	Ranking
Las Vegas	644	1
Reno	368	2
Atlantic City	226	3
Aurora - Elgin	173	4
Rochester, Minn.	170	5
Orlando	165	6
Honolulu	162	7
Anchorage	143	8
Washington	142	9
Miami - Hialeah	138	10
Bismarck	136	11
Casper	133	12
Huntsville	131	13
New Orleans	131	13
Iowa City	129	15
Minneapolis - St. Paul	129	15
Houston	127	17
Dallas	126	18
Pascagoula	126	18
Baton Rouge	122	20
Charleston, S.C.	122	20
Newark	122	20
Trenton	122	20
Brazoria	121	24
Ann Arbor	120	25
Atlanta	120	25
Cheyenne	120	25
Jackson, Miss.	119	28
Grand Rapids	117	29
Lake Charles	117	29
Beaver County, Pa.	116	31
Montgomery	116	31
Denver	115	33
Florence, S.C.	115	33
Nashville	115	33
Boston - Lawrence - Salem - Lowell - Brockton	114	36
Lancaster	114	36
New York	114	36
Philadelphia	114	36
San Jose	114	36
West Palm Beach - Boca Raton - Delray Beach	114	36
Albany, Ga.	113	42
Columbia, Mo.	113	42
Louisville	113	42
Phoenix	113	42
Salt Lake City - Ogden	113	42
Harrisburg - Lebanon - Carlisle	112	47
Kansas City	112	47
Memphis	112	47
Middlesex - Somerset - Hunterdon	112	47
Pensacola	112	47
Sioux Falls	112	47
Baltimore	111	53
Lafayette, La.	111	53
Burlington, Vt.	110	55
Charlottesville	110	55
Chicago	110	55
Indianapolis	110	55
Jersey City	110	55
Knoxville	110	55
Lexington-Fayette	110	55
Panama City	110	55
Richland - Kennewick - Pasco	110	55
Saginaw - Bay City - Midland	110	55
Charlotte - Gastonia - Rock Hill	109	65
Houma - Thibodaux	109	65
Macon - Warner Robins	109	65
Raleigh - Durham	109	65
Roanoke	109	65
Beaumont - Port Arthur	108	70
Daytona Beach	108	70
Grand Forks	108	70
Hickory	108	70
Jacksonville, Fla.	108	70
Lansing - East Lansing	108	70
San Francisco	108	70
Tampa - St. Petersburg - Clearwater	108	70
Anniston	107	78
Bergen - Passaic	106	79
Fort Lauderdale - Hollywood - Pompano Beach	106	79
Galveston - Texas City	106	79
Los Angeles - Long Beach	106	79
Manchester - Nashua	106	79
Shreveport	106	79
Wilmington, Del.	106	79
Birmingham	105	86
Chattanooga	105	86
Fargo - Moorhead	105	86
Fort Worth - Arlington	105	86
Norfolk - Virginia Beach - Newport News	105	86
Omaha	105	86
Augusta	104	92
Columbia, S.C.	104	92
Erie	104	92
Lafayette - West Lafayette	104	92
Little Rock - North Little Rock	104	92
St. Louis	104	92
Flint	103	98
Hagerstown	103	98
Mobile	103	98
San Antonio	103	98
San Diego	103	98
Savannah	103	98

By ADI

ADI Name	RGI	Ranking
Las Vegas	631	1
Reno	388	2
Washington, D.C.	132	3
Orlando - Daytona Beach - Melbourne	127	4
Florence, S.C.	125	5
New Orleans	124	6
Baton Rouge	123	7
Miami	123	7
Houston	120	9
Charleston, S.C.	117	10
Lake Charles	117	10
Philadelphia	117	10
Atlanta	113	13
Savannah	113	13
Cheyenne	112	15
Dallas - Ft. Worth	112	15
Jackson, Miss.	111	17
Montgomery	111	17
Jacksonville	110	19
Macon	110	19
Minneapolis - St. Paul	110	19
Baltimore	108	22
Salt Lake City	108	22
Anniston	107	24
Casper - Riverton	107	24
Charlottesville	107	24
Chicago	107	24
Harrisburg - York - Lancaster - Lebanon	107	24
Louisville	107	24
New York	107	24
Albany, Ga.	106	31
Boston	106	31
Flagstaff	106	31
Mobile - Pensacola	106	31
Panama City	106	31
Phoenix	106	31
West Palm Beach	106	31
Bluefield - Beckley - Oak Hill	105	38
Columbia, S.C.	105	38
Roanoke - Lynchburg	105	38
Beaumont - Port Arthur	104	41
Charlotte	104	41
Huntsville - Decatur - Florence	104	41
Knoxville	104	41
Tampa - St. Petersburg	104	41
Augusta	103	46
Chattanooga	103	46
Columbus - Tupelo	103	46
Detroit	103	46
Hagerstown	103	46
Kansas City	103	46
San Diego	103	46
Tallahassee - Thomasville	103	46
Lafayette, Ind.	102	54
Lansing	102	54
Los Angeles	102	54
Nashville	102	54
Norfolk - Portsmouth - Newport News - Hampton	102	54
Rochester, N.Y.	102	54
Birmingham	101	60
Lexington	101	60
Memphis	101	60
San Francisco	101	60
Denver	100	64
Lafayette, La.	100	64
Meridian	100	64
Raleigh - Durham	100	64
Richmond	100	64
Columbus, Ga.	99	69
El Paso	99	69
Greensboro - Winston-Salem - High Point	99	69
Biloxi - Gulfport - Pascagoula	98	72
Tuscaloosa	98	72
Cincinnati	97	74
St. Louis	97	74
Charleston - Huntington	96	76
Helena	96	76
Milwaukee	96	76
Grand Rapids - Kalamazoo - Battle Creek	95	79
Laurel - Hattiesburg	95	79
Pittsburgh	95	79
Rapid City	95	79
Cleveland	94	83
Erie	94	83
Flint - Saginaw - Bay City	94	83
Monroe - El Dorado	94	83
North Platte	94	83
Palm Springs	94	83
Dothan	93	89
Indianapolis	93	89
Parkersburg	93	89
San Antonio	93	89
Binghamton	92	93
Burlington - Plattsburgh	92	93
Columbus, Ohio	92	93
Presque Isle	92	93
Shreveport - Texarkana	92	93
Alexandria, La.	91	98
Minot - Bismarck - Dickinson	91	98
Seattle - Tacoma	91	[illegible]
Springfield, Mass.	91	98
Tucson	91	98